Tuesday July 16 1985

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#### Business summary Chase Reagan continues Quarterly earnings 'superb. recovery

President Ronald Reagan contin-ued to recover "superbly" from Sat-largest U.S. banking group, bas anurday's major surgery as he await-Bethesda Naval hospital, the White

Doctors said they were "running out of superlatives" to describe Mr Reagan's resilient condition. It was Page 17 confirmed that he would return to the White House within five to eight days for a period of convalescence.

White House staff were to review the President's schedule over the next three to four weeks, in which he is expected to undertake only hight duties. However, Mr Reagan still planned to meet President Li WALL STREET: At 3pm, the Dow Xiannian of China, who will be visiting Washington next week.

#### Greenpeace inquiry

Detectives flew to Norfolk Island in the South Pacific to interview the crew of a French yacht in connecthe Rainbow Warrior, flagship of the Greenpeace environmental

#### Farm document

EEC farm ministers were perusing for the first time the European Commission's controversial discussion document for the reform of the Common Agricultural Policy (CAP)

#### Force 'justified'

The U.S. was entitled to use necessary force to defend its interests in the war against terrorism, Abrabam Sofaer, legal adviser to the State Department, told the American Bar Association conference in London. Page 7

#### Live Aid plea

Organisers of Saturday's "Live Aid" rock concerts in Lundon and Phil-adelphia have invited relief agencies working in Africa to apply for the estimated £40m (\$55m) it raised in donations and pledged contribu-

#### China fires missile

China successfully fired an underwater ballistic missile from a submarine, the China News Service said. It gave no details of the date or place of the firing.

#### UN conference hitch

The UN Women's Conference opened in Nairobi with the 4,000 delegates divided over what to discuss. Preparations for the conference were hampered by political skirmishing between the U.S. and Third World countries.

#### Zimbabwe reshuffle

Zimbabwe Premier Robert Mugabe dismissed Agriculture Minister Denis Norman in reaction to the white support for former Premier Ian Smith in last month's election.

#### Beirut militia warned

Lebanese Premier Rashid Karami ordered all militia groups off Bei-rut's streets after Syrian officers joined a peace committee. Page 3.

#### Bhopai bables

At least 21 babies have been born deformed and 36 women have suffered miscarriages in the central indian city of Bhopal since last December's poison gas leak, the Health Minister of Madhya Pra-

#### Spending trimmed

A report by the European Commission said worries about unemployment have mada Europeans trim their spending.

#### Bank demo halted

Kharioum police used clubs to break up demonstrations by bank workers demanding an inquiry into alleged corruption in the central bank of Sudan.

largest U.S. banking group, has announced a 45 per cent increase in second-quarter net earnings to \$131m. J. P. MORGAN, the fifth largest U.S. banking group, said second-quarter net earnings in-creased by 51.9 per cent to \$157.5m.

CONTINENTAL ILLINOIS, the Chicago bank restructured last September after a Federal led rescue made second-quarter net earnings of \$37.3m after \$39.3m in the first three months. U.S. bank results,

Jones industrial average was up 3.92 at 1.342.52. Page 40

LONDON shares were higher, buoyed by bank base rate cuts, retail sales data and the strong pound. The FT Ordinary index added 11.2 to 937.2. Page 40

TORYO stocks fell heavily, taking the Nikkei Dow market average down 240.72 at 12,598.77. Page 40

HONG KONG shares advanced as the 1 percentage point cut to 7 per cent in local prime rates, an-nounced at the weekend, took ef-fect. The Hang Seng index was 24.71 higher at 1,615.78. Page 40

DOLLAR remained weak in London, falling to DM 2,877 (DM 2,89). FFr 8,7475 (FFr 8,78), SwFr 2,392 (SwFr 2,3995) and Y237,85 (Y240,85). On Bank of England figures, the dollar's index fell to 138,4 from 138,0 From 139,0 From 22

STERLING improved against the dollar in quiet London trading, closing at \$1,3885 (\$1,388) but was unchanged at DM 4.0 and FFr 12,145, and eased to SwFr 3.32 (SwFr (3,325) and Y330.25 (Y333.5). The pound's exchange-rate index fell 0.2 to 83.2. Page 33

GOLD rose just \$0.25 on the Londo bullion toarket to \$318.50 and \$0.50 in Zurich to \$316.25. Page 32

ITALY: Imports' share of car mar

ISRAEL announced that prices rose by 14.9 per cent last month, a record high for June. Prime Minister Shimon Peres met union leaders to avert a general strike with inflation

for 1985 projected at 285 per cent. POLAND finally signed an agreement with its main Western trading partners on rescheduling about \$12bn in debt repayments due for the 1982-84 period. Page 2

E.R. LEWIS, a four-partner British stockbroking firm, is to merge with Scringeour Vickers, the London securities arm of Citicorp, the U.S.

INTERNATIONAL Finance Corporation investments increased by 55 per cent to a record \$610m in the year ending June 30 and net income rose 6 per cent to \$28.3m. Page 4

KUALA LUMPUR Stock Exchange, whose industrial index has plunged to a 30-month low, is expected to introduce a delayed one-month con-

tract system next month to stimulate activity. Page 18 LEVI STRAUSS, the world's largest maker of jeans, announced that president Robert Haas and other members of the founding family would offer \$50 a share in cash to

return the company to private

ownership. Page 17 AUSTRALIAN consortium led by Leighton Construction won a HK51bn (\$129m) contract to build the first phase of a rapid-transit rail system in Hung Kong's north-west New Territories. Page 4

We apologise to readers for the in-accuracies on the UK building soci-ety rates table published on Saturday. The correct figures are on Page 6. We also apologise for the omission of one page of unit trust prices in yesterday's edition.

# Toshiba agrees to semiconductor link with Siemens

BY CARLA RAPOPORT IN TOKYO AND JOHN DAVIES IN FRANKFURT

West Germany, two of the world's leading electronics companies, have agreed on a wide-ranging programme of technological cooperation in semiconductors.

The deal, believed to be the first

of its kind between a European and Japanese electronics company, will include exchange of new technology, in both the production and development of products at each company. It may also lead to the joint development of new products. In the first part of the deal, Siemens has agreed to pay Toshiba an unspecified sum for design, testing

and production data on Toshiba's new 1-megabit dynamic random Samples of those chips were first put on the market last month, and

That will help to speed up Siedata.

TOSHIBA of Japan and Siemens of West Germany, two of the world's leading electronics companies, have year, about a year earlier than pre-viously planned. The chips will reduce the cost and size of computers. Toshiba and Siemens have also agreed on a cross-licence agree-ment for the entire field of semicon-

ductor component patents, with mutual worldwide rights.

mens deal will not cover any joint marketing schemes. The link is a significant boost for access memories, which are able to
store Im bits of data.

Samples of those chips were first

Siemens recently decided to put Toshiba intends to begin full-scale so-called "megaproject" to produce production of the 1-megabit chip a 1-megabit chip and later a 4-me-

It is stepping up total investment in the project from DM 1.4bn to DM 1.7bn (\$590m) while DM 800m nn research spending will take the total outlay to about DM 2.5hn.

Siemens is co-operating with Phi-lips of the Netherlands in developing the 4-megabit chip and has a target date of 1989 for production. The West German company is building a plant at Regensburg in

mutual worldwide rights.

The Japanese company said yesterday it would be willing to negotiate the sale of its 1-megabit techtiate the sale of its 1-megabit the sale of its 1-megabit the sale of its 1-megabit t forcing the pace, the cost has risen to about DM 540m.

The link is a significant boost for
Siemens in the race to produce the on Toshiba's expertise in various aspects of complementary metal-oxide semiconductor (CMOS) technology. The West German company more money and manpower into its so-called "megaproject" to produce a 1-megabit chip and later a 4-megabit chip, able to store 4m bits of totally as a basis for developing high-powered chips.

# Paris wary of Japanese plans to open markets

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government reacted sceptically yesterday to pledges by Mr Yasuhiro Nakasone, the Japanese Prime Minister, to open the Japanese market further to im-

Mme Edith Cresson, the Minister of Industry and External Trade, said that France expected a "certain number of concrete steps" from the Japanese Government and that Japan would be judged on the results

Mr Nakasone is in France on the ket was 4 percentage points higher also take in Italy, Belgium and the french toarket by establishing M Yvon Cattaz, the head of the in first six months than in same period of 1984. Renault and Volkswag France coincides with growing control of 1984. Renault and Volkswag France coincides with growing control of M Laurent Fabius has eralisation measures were totally cit, which has swollen to FFr 15bn (\$1.7bn) but which is also beginning investment in France.

France last year through foreign in- some said that Japan was opening justified.

ment reflects a significant change in the attitude of the two countries towards each other.

by the strength of French protectionism three years ago when Paris required that all Japanese imports. Mine Cresson, the most outspoin central France. Japanese compa-nies have since increasingly sought to gain an inside foothold in the French toarket by establishing

thrown overboard the Socialists' traditional hostility towards Japato be offset by increased Japanese nese investment in favour of encouraging it for the technological and Mr Nakasone made the most of employment benefits it can bring.

1980. He pointed out that a third of Answering French criticism of being "too bureaucratic" and too the 13,400 new jobs created in Japanese protectionism, Mr Naka-much of a "political show" were well

of video cassette recorders be pro- ken of senior French ministers, yes-

In his discussions with President François Mitterrand, Mr Nakasone formed the impression that the French leader would attend the summit of leading industrialised Mr Nakasone made the most of employment benefits it can bring.

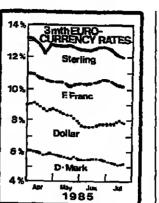
Japanese companies that have reday by saying that 28 Japanese companies that have reday by saying that 28 Japanese companies that have reday by saying that 28 Japanese companies that have reday by saying that 28 Japanese companies that have reday to reday to reday to the summit of leading industrialised on the thought M Mitterrand's criticism of the summit procedures for leading industrialised that the said have reday to reday the summit procedures for leading industrialised that the said have reday to reday the summit procedures for leading industrialised that the said have reday to reday the summit of leading industrialised that the said have reday to reday the reday

The increase in Japanese invest- standardisation procedures, But he also called on French companies to make greater efforts to penetrate wards each other. the Japanese market, pointing to The Japanese were taken aback the example of BMW of West Ger-

eralisation measures were "totally more "realistically valued" in rela-insufficient." more "realistically valued" in rela-tion to the currencies of Britain's

trading partners. He once again downplayed the

Record UK retail sales, Page 7; Lex, Page 16; Money markets, Page 33



# £ steady as UK banks cut key rates

By Philip Stephens and Max Wilkinson in London

THE COST of borrowing fell in Britain yesterday as banks inllowed last week's lead from the Bank of England to lower their base lending rates from 12½ to 12 per cent.

There were hopes that if the dol-lar's recent decline gathered pace and interest rates elsewhere in Europe fell, then there might be scope for another small cut over coming weeks.

Yesterday the pound shrugged off the base rate move to end the day little changed from Friday as the dollar remained under pressure against all currencies.

Industrialists welcomed yester-day's move, but the Confederation of British Industry said it was still concerned that borrowing costs were far too high.

Mr Nigel Lawson, the Chancellor of the Exchequer, indicated that he was taking a cautious line on interest rates and was against a rapid vestment had been created by Japanese companies.

The interest for the rest further by both lowering customs tariffs and by easing its and Civil Service Committee of the first formula in the committee of the first formula in the committee of and Civil Service Committee of MPs that he intended to maintain interest rates at a high enough level to maintain downward pressure on

> Interest rates are a very impor-tant instrument of anti-inflation policy but they are not themselves an objective of policy," he said. Mr Lawson held out some bope,

Mr Lawson said that the dollar was clearly overvalued despite its recent fall, but the pound was touch

significance in Treesury policy of the broad measure of the money supply, sterling M3, which has recently been growing much faster Continued on Page 16

poll as six ministers quit BY QUENTIN PEEL IN BRUSSELS BELGIUM'S centre-right coalition ments at the stadium, under the ul-Government was set to fall last timate authority of the Interior

Belgium faces

night, after five ministers served notice to quit in the political storm over responsibility for the football tragedy in the Brussels Heysel Sta-dium in May.

Gol, a deputy prime minister and the Justice Minister, who earlier banded in bis resignation to M Wil-fried Martens, the Prime Minister,

They were protesting at the fail-ure of M Charles-Ferdinand Nothomh, the Interior Minister and the senior member of the four-party Government from the rival Social Christian Party (PSC), to quit after a strongly critical report on the Heysel disaster, in which 38 people died in the crowd at the Liverpool-Juventus European Cup final.

The Liberal party decision was announced last night by M Louis Michel, the party chairman, leaving M Martens with little option except to ask Belgium's King Baudouin to dissolve his Government. M Michel said It was the first time that a Belover a question of political morality ernment survival. the refusal of a minister to accept

his personal responsibility. A parliamentary inquiry into the disaster blamed not only the LiverMinister.

M Nothomb, the leading member of the French-speaking Social Christians (PSC) in the frur-party coalition, resisted the resignation All the ministers in the French-speaking Liberal Reform Party (PRL) backed the lead of M Jean out of the government.

Although M Gol's Liberal colleagues finally bowed to that threat on Saturday, and did not insist on M Nothomh's departure, the latest move once again puts the Government's narrow parliamentary maiority at risk.

M Martens beld talks throughout yesterday afternoon with leaders of all the parties in his government, including his own Flemish Christian Democrats (CVF) and the Flemish Liberals.

M Gol said in his resignation letter to M Martens that he was quit-ting because of the "unjustified refusal" of M Nothomb to accept the responsibility of his office, and because of the insistence of other parties in the Government to elevate gian Government would have fallen the dispute into a question of gov-

In Belgian political circles, his move is seen as an attempt to save face after withering criticism of bis Liberal party in the Belgian press pool supporters for the deaths, but for hacking down in its criticism of also the failure of policing arrange—

M Nothomh.

# Laker settlement set to cost BA \$32.5m

BY DUNCAN CAMPBELL-SMITH IN LONDON

BRITISH AIRWAYS' out-of-court settlement over the collapse of Lak-will provide \$48m for the creditors of Laker Airways including 14,000

This does not include the legal UK and U.S. lawyers since the search began in earnest last December for a settlement of the anticember for a settlement of the anti-trust suit brought against BA and \$4.5m cash from BA to meet the in-11 others by Mr Christopher Mor- crease agreed last Friday in the le-

ing no future legal action on bis European airline defendants, inown behalf - or in conjunction with cluding British Caledonian.

Funding of the settlement, which on Friday, seems likely to leave the dispossessed ticketholders, will state airline with costs of \$32.5m. comprise: \$18m cash from BA; \$12m to be paid over the next nine years in extra interest payments owing by BA to Export-Import Bank of the U.S. - Laker's single biggest creditor - on existing loans to help fund Freddie Laker accepts a payment of in place of the \$8m proposed origi-58m set aside for him until August nally. \$18m cash from TWA and 20. Acceptance of this offer will be Pan American Airways, the U.S. conditional on Sir Freddie institut- defendant; \$16m cash from seven

Background, Page 7

# IBM suffers 12.9% decline

manufacturer, yesterday reported its second consecutive quarterly earnings decline. The group blamed softness in the U.S. economy, the strong dollar and customers delay-

available. Net earnings fell by 12.9 per cent to 51.41bn, or 52.30 a share, in the cents a share, in the second quarter.

For the first half, the computer giant suffered a 15 per cent decline in net earnings to \$2.4bn, or \$3.91 a share, compared with \$2.83m, or \$4.62 a share, in the corresponding

STC, British electronics and telecommunications group, an-nounced its first major reorgani-

of price cuts, had recently further

reduced their second-quarter earnings estimates to as low as \$2.20 a share. As a result, IBM's shares gained S1% to \$125% after the earnings release, having traded as low as \$123% before the announcement.

our earnings in the short term."

"paused to evalunte the trade-off" nues of Sl.87hn, compared with net between installing IBM's 308X carnings of Sl21.74m, or Sl.15 a mainframes and waiting for delivshare, on revenues of \$1.86bn a ery of the company's new, more powerful 3090 Sierra models. However, he said: "We are pleased with the order rates for the 3090 and. based on improvements in our man-ufacturing schedules, we have been were broadly in line with market able to advance shipments into the

world lead, Page 24

# in second quarter earnings

BY PAUL TAYLOR IN NEW YORK IBM, the world's largest computer

ing orders until new models were

Net earnings 1811 a. (1)

Net earnings 1811 a. (1)

to 51.41bn, or \$2.30 a share, in the second quarter, from \$1.62bn, or \$2.65 a sbare, n year earlier. Total share, a year earlier. Revenues revenues grew by a modest 2.1 per cent to \$11.4hn from \$11.2bn. The first drop decline follows a 17.9 per cent drop decline follows a 17.9 per cent drop \$11.5 a. \$110.3m, or \$1.10 a share, on revenues of \$1.87hn, compared with net

period a year ago. Revenues increased by 2 per cent to 521.2bn from \$20.9bn. NCR, another of the major U.S. mainframe computer makers, also announced that its net earnings fell sation since taking over UK com-puter maker ICL last year. Page 16

IBM's latest results - which had been eagerly awaited as a key indicator of the current state of the troubled U.S. computer industry expectations. Indeed, some analysts, concerned by IBM's recent profit warnings, rumours of beavy inventories and an expected round

Management: when business Lex: U.S. bonds; UK interest

Mr John Akers, IBM's president

and chief executive, said: "The financial health of our business continues to be sound despite several factors that have adversely affected Among these negative factors Mr Akers noted that customers had

Continued on Page 16

STC reorganisation; Lex. Page 16; Blunder gave IBM

# E HAVE YOU CLOCKED TO THE TOTAL OF THE TOTAL The Peterborough Effect

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#### G. R. (Holdings) plc **EUROPEAN NEWS**

#### (Registered in England No. 449563) ENDER OFFER BY THE COMPANY FOR UP TO \$50,000 OF ITS OWN ORDINARY SHARES OF 19 EACH ("O'DDINARY SHARES") AT A MAXIMUM PRICE OF 270p PER SHARE

A tender outer ensuring orthogeny anactionistics in unioner their shares miner through the fock Exchange ("on-sarket") will open today to the Company ("off-market") will open today oesday 16th July, 1985 and close at 3.30 p.m., on Monday 29th July, 1985. The terms of the nader offer and instructions on what action Ordinary Shareholders should take if they wish to noter some or all of their shares are set out below.

Ordinary Shareholders are invited to tender at a price within the range of of 50p per share and 270p per share inclusive.

The maximum number of Ordinary Shares for which the Company will so beuders is 85,000. Ordinary Shareholders will be able to tender all or some of their shares, be more than 85,000 Ordinary Shares are tendered, applications may be scaled down, ballote rejected as explained in paragraphs 4 and 5 below.

Utenders of Ordinary Shares representing less than I per cent, of the voting righted to the Company's Ordinary Shares (being 41,336 Ordinary Shares) are received, if roffer will be void.

this, of the number of Ordinary Shares tendered for sale is more than 850,000, it striking price (being the price that the Company will pay) will be the lowest price at which the number of shares sought (i.e. 850,000) is met and all shareholders who tender at or below the striking price will receive the price. If necessary, tenders made at the striking price will be scaled down pro rate or balloted.

No tenders at above the striking price will be accepted and share that it is possible that the striking price could be less than 270p.

 If the number of Ordinary Shares tendered for sale is less than 850,000, holders will receive the maximum price of 270p, subject to paragraph 3 above. Subject to the provisions of paragraph 3 above, all tenders lodged by shareholds: their behalf, by their agents, will be arrevocable.

 Ir will be open to Ordinary Shareholders to tender a proportion of their ugh The Stock Exchange ("on-market") and a proportion of their shares direct spany ("off-market"). 9. Tender prices must be expressed in pence (including fractions). The only fraction of seany which will be accepted is Vap. Tenders with prices shown in decimals or otherwise if incomplete or unacceptable by The Stock Exchange and the Representative of the d of Directors of the Company (see below) may be declared wold.

naird of Direction of the Company (see below) may be declared wold.

10. The tender offer will open on Tuesday 16th July, 1965 and will close at 3.30 p.m. on loaday 29th July, 1965. The on-market tender will be conducted by The Stock Exchange and coff-market tender will be conducted by the Representative of the Board of Directors of the ompany. Upon closing, dealings in the Company's Ordinary Stares will be temporarily spended, the results of both tenders will be amalgamated and a common string price will be temporarily stremmed by The Stock Exchange and the Representative of the Board of Directors of the company by reference to both on- and off-market tenders. The decisions of The Stock exchange and the Representative of the Board of Directors of the Company as to the striking ice and as to which Ordinary Shares have been successfully tendered shall be conclusive and noting on the Ordinary Shareholders whether they have tendered on- or off-market.

11. At 9.30 a.m. on the first business day following the determination by The Stock exchange and the Representative of the Board of Directors of the Company as to which Indianay Shares have been successfully tendered at or below the striking price, dealings in your Journamy's Ordinary Shares will regame and sales will be effected through The Stock Exchange of those Ordinary Shares which have been successfully tendered on-market. It is emphasized but the terms of such sales may in no circumstances be subsequently varied; nor will such sales or the settlement thereof be conditional on the approval of oil-market purchase contracts.

or the sentencem mercor be commonate on the approvat of our market purchase contracts.

12. Sales resulting from successful on-market traders will be for normal Stock Exchange Account Sentlement on Monday 19th August, 1985, being the artilement day for the Account ending on Friday 9th August, 1985. Ordinary Sharcholders who have successfully tendered on-market will therefore receive their proceeds of sale (less their normal dealing expresses) through their stockbroker or other agent in the meal way once they have provided a waled share certificate and signed the appropriate Share Transfer form. The normal Stock Exchange rules for Account Settlement will apply and buying in may therefore take place in the event of late delivery of shares.

13. Successful off-market tenders will be subject to specific approval by shareholders is acordinary General Mosting to be held on Wednesday 28th August, 1985. Upon suct roval being obtained the proceeds of sale will be paid on Wednesday 4th September, 1985 is chareholders who have successfully tendered off-market and provided a valid share

The taxallos consequences for Ordinary Shareholders depend upon the method which they employ to tender their Ordinary Shares as well as on their own circumstances. ALL SHAREHOLDERS ARE STRONGLY RECOMMENDED TO CONSULT THEIR PROFESSIONAL ADVESTERS BEFORE TENDERING THEIR ORDINARY SHARES,

The Board of Inland Revenue have confirmed they are satisfied, on the understanding one of the Directors or their associates will tender Ordinary Shares to the Company, that toposed purchase scheme will be such that on potice under Sub-Section (3) of Section 460 income and Corporation Taxes Act 1970 (encodedation of tax advantages from certain ections in securities) ought to be given in respect thereof.

Shareholders who wish to tender all or part of their shares through The Stock Exchapolid instruct their stockbroker, bank manager or other professional adviser according dienting the number of shares to be tendered and the price or proces at which such should be tendered. Sales resulting from successful tenders of shares on-market will be subjected to the price of the sales of th

A form of tender for those shareholders who wish to tender all or part of their sharker is available from the Company at its registered office at 68 Upper Thames Sordon EC4V 3AR or from the Solicitors to the Company Mesars, Jagnes & Lewis of 2 Soare, Gray's Inn, London WCIR 5HR; it coorsion instructions for lodgement which sho

If shares are successfully tendered off-market, the purchase of those shares will be jeet to approval by shareholders and a further circular will be despetched on 1st August, 5 convening an entraordinary general meeting for this purpose.

The conder offer will close at 3.30 p.m. on Monday 29th July, 1985. An ennow the results of the leader offer will be made by 9.30 a.m. on Tucaday 30th July, 1985.

### FT HAND DELIVERY-ATHENS



SPECIAL DAYOF PUBLICATION
DELIVERY OF THE FINANCIAL TIMES IN ATHENS AND SURROUNDING AREAS FOR INFORMATION CONTACT: BILL VOYATZIS KARNEADOU7 10765 ATHENS TEL: 72-23-469

### German exports **'unlikely** to suffer'

WEST GERMAN exporters are unlikely to suffer e basic setback as a result of the decline in the U.S. dolar, according to Dr Helmut Schlesinger, vice-president of the Bun-desbank, the country's central

His remarks yesterday came in a speech from Augsburg in which he argued against suggestions, espe-cially from abroad, that West Ger-many should boost its economy to create more jobs and to shore up world trends in the face of weaken-

or Schlesinger conceded that the dollar decline would erode sales and profit advantages which West German exporters had been enjoy-

ing.
It was unlikely, however, to hit the basic competitiveness of West German exports, which arose from favourable tends in costs of production, including labour costs.

He said it could not be excluded that cost discrepancies between West Germany and most other European countries might lead to exchange rate adjustments in the Euchange rate adjustments in the Eu-ropean Monetary System, as hap pened in the past. But he indicated that stable domestic conditions re-mained an advantage to West Ger-many and would help employment. Dr Schlesinger said that West German export exposes in the US German export earnings in the U.S. had doubled in just over two years, buoyed up by the high dollar in re-

lation to the D-Mark. However, most West German exporters had realised that the strong growth of the U.S. economy and the high dollar were not reliable props for West German business in

the U.S., he said. Dr Schlesinger, who is a consist ent advocate of cautious budgetary and monetary policies, said that West Germany already seemed assured of economic growth well into next year. For thet reason there was no need for new expansionary

In any case, West Germany was too small to take the place of the U.S. in economic expansion. Only Europe as a whole might have such

In his view, the dollar decline would help to support the economic growth already under way in major curopean countries. This was because the turnround

in the currency markets had en-abled a number of countries to reduce their relatively high interest Referring to West Germany, Dr Schlesinger said: "Interest rates have already declined and at pres-

ent are falling further," had fallen and the Bundesbank had lowered its interest rates in the open market activities through which it influenced the money mar-

Dr Schlesinger said that although the Bundesbank used to have grave reservations, the D-Mark had become the world's second most important reserve currency after the U.S. dollar. It was in West Germany's interest now to maintain that role, he said.

# Brussels takes softer line on CAP reform

the paper, published yesterday, has few substential changes from the original draft submitted by Mr Frsns Andriessen the Farm Commissioner, a fort-

night ego.

The most noteworthy adjust has heen removed. A key ments have come in the presensentence in the original draft tetion of the document which stating thet structural adjust-

rejected the central premise of the document that insists, like so many ferm reform proposals production as an outlet for surplus rereals, though this is into line with those of tha world markets.

Some changes have also been

EEC FARM ministers were last night perusing for the first time the European Commission's controversial "Green Peper" discussion document for the reform of the common agricultural policy (CAP).

Despite lengthy debate among the 14 commissioners over three meetings, the final revision of the paper, published yesterday. has few eubstential changes from the original draft submitted by Mr Frsns Andriessen ministed by Mr Frsns Andriessen and the fast as a line dismissing the document that insists, like ment "would not be possible without an outflow of labour" no longer appears.

But even with this crucial excision, the introductory statement has atill met substantiel opposition from within the Commission with Herr Karlenders, the final revision of the combative tone of the combative tone of the combative tone of the disavent outload not be possible without an outflow of labour" no longer appears.

But even with this crucial excision, the introductory statement has atill met substantiel opposition from within the Commission with Herr Karlenders, the final revision of the combative tone of the disavent as an alternative means the viction," edding that the policy remains "the marriage ment as atill met substantiel opposition from within the Commission with Herr Karlenders, the final revision of the combative tone of the ombative of the combative tone of the combative tone of the combative tone of the ombative tone of the ombative tone of the ombative tone of the ombative on the first minimal to the first time first time of the combative tone of the combative tone of the ombative means the this crucial excision, the introductory state—ment has atill met substantiel opposition from within the Commission with Herr Karlenders, the West German Industry Commissioner, voting against the paper.

He is said to have wholly the combative means the control of the common of the common of the common of the disaventages of quantitive restrictions are again reitereted, estrictions are again reitereted, estrictions are again reitereted,

trade. Of these, the most note-worthy is the wholly new sug-gestion that the efforts of the EEC to control production over the past months might be

the past months might be argued as justifying certain new rights and derogations under the general egreement on tarlffs and trade (Gatt).

Taken as a whole, the adaptations of the draft document are limited. But where changes heve been made, they mostly attempt to paint a slightly rosier picture to an audlence of farmers who are certain to be farmers who are certain to be highly hostile to the wide ranging reforms mooted and fearful for their future.

# Eureka emerges from its incubation period with wide European support

period, the French-Inspired Eureka programme to boost technology collaboration in Europe is about to break out

Eureka was launched three months ago as an indirect months ago as an indirect response to the rallying of U.S. high-technology efforts behind President Reagan's Strategic Defence Initiative (SDI). Since then it has surpassed the expec-tations of French officials in gathering broad endorsement from the rest of Europe.

A vigorous Eureka sales campaign in which M Hubert Curien, the French Research and Technology Minister, has played a leading role has succeeded in stoking up interest where initially only interest where initially only lukewarm support or downright scepticism prevailed.

A series of recent announce-A series of recent announce—
ments from European the Eureka umhrella is linked inlernational collaboration, companies of planned joint fixely to products with direct Eureka programmes in areas such as computers, semiconductors and automated production has shown that industrialists are taking Eureka

Ward by France to come under into projects involving greater into projects invo

Firm programmes have been launched by Matra of France with Norsk Hydra of Norway in high-powered sclentific com-puters and with SGS of Italy in

integrated circuits.

More tentative projects are heing studied by Bull and Slemens to make a European

micro processors and communications. There are some differences of Interpretation among the companies themselves on how firm a commitment this represents. But at least Eureka now seems to be the right idea at the right time—an initiative which catches the prevailing European desire for greater efforts in hich technology to catch up with the U.S. and Japan.

Tall companies or consortiums that companies or consortiums on a case-by-case basics or consortiums of a case-by-case basics or consortiums or a case-by-case basics or consortiums of a case-by-case basics of a case-by-case basics or consortiums of a case-by-case basics or consortiums of a case-by-case basics of a case-by-case basics or consortiums of a case-by-case basics o

AFTER extensive fertilisation through diplomatic contacts and an accelerated incubation week's EEC ministerial talks, David Marsh reports on growing interest in the programme

> siers from 17 European countries, which starts on Wednesday, will aim to come up with list of programme areas, including some definite projects, to be supported. Foreign and Research Ministers, as well as European Commission representatives, have have been and countries of the under the previous Giscard Administration of military or "civil" that we should set up at tags to many electronics overall funding file to try to research programmes is largely a matter of presentation.
>
> French industrialists and Gov. tatives, have been invited.

French officials, well aware that Britain in particular eschews any attempt to set up a new agency to add to Enrope's considerable research bureaucracy, emphasise the "prag-matic" way that Eureka should

be run.
The list of projects put forward by France to come under the Eureka umbrella is linked

Individual programmes, if approved by Eureka Ministers, would be financed through a mixture of government and private sector cash, including funds raised from the banks and on capital markets. Industrialists accept that there will be some redeploy-ment of existing research funds into projects involving greater

YUGOSLAVIA IS interested in the Eureka project, according to M Mermaz, president of the French National Assembly, who had talks in Belgrade at the weekend with Yngoslav leaders, writes Aleksandar Lebi. He said at a news conference that he got the impression that Yugo-

Slemens to make a European super-computer, and by Messer-schmitt and Aerospatiale in acronautics production. Other companies are working on plants technology programme, as well for four higgest European electronics groups Philips.

The four higgest European electronics groups Philips. Cations, are mainly concentrated foint studies to work out collaboration in such fields as micro processors and communications. There are some differ
sandar Lebi. He said at a obstacle to participating the obstacle to participating the obstacle to participating the said earlier this mooth he would be welcome a visit to Washlogton by M Claude Arnaud, who has been France's roving ambassador on Eureka, to explain grammes over five years, details of the programme.

Sandar Lebi. He said at a obstacle to participating the the impression that Yugo Strucks and similar projects.

Furcha and similar projects.

Said earlier this mooth he would been France's roving ambassador on Eureka, to explain the impression that Yugo Strucks and similar projects.

Said earlier this mooth he would been France's roving ambassador on Eureka projects.

Officials would be happy if Eureka eventually added 20 per companies need to be assured European spending on information technology or communication technology or communications from the welcome a visit to Washlogton the the impression that Yugo Strucks and similar projects.

Hurdles still have to be overcome. Sceptical West German companies need to be assured European spending on information technology or communication technology or communi

efforts in hich technology to catch up with the U.S. and Japan.

The task now is to give M Jean-Pierre Chevenement, Eureka's still-wispy outlines the then Research Minister, to

slavia repreached the EEC for not including it in major industrial and technological programmes and projects. Yngoslays wanted to know, he said, whether the difference in social systems was an obstacle to participating the Europe and similar projects.

of Eureka are likely to remain below the sums spent by the SDI organisation. But officials claim that the U.S. research programma will probably end up adding only 20 per cent extra to large existing programmes for research into high-powered lasers and ultra-rapid computers.

port from countries in Europe everse to military spending, and to emphasise its broader objectives of boosting Europe's entire technological base.

M Pierre Aigrin, sclentific adviser et Thomson and a former research minister under

French industrialists and Gov-ernment officials helieved that one of the overriding alms of SDI is to inject public funds into high-technology areas which, although directly connected to a military project, will have important civilian applications. The underlying logic of the

French epproach to Eureka is that aiming for the civilian applications straight away represents a more efficient way of spending research funds. "If what we really want is a laser for dental applications, why go about it by building one to knock down missiles?" says one

Paris officials have been particularly gratified by support for Enreka in Bonn. This seems for Enreka in Bonn. This seems to coincide with a waning of West German enthusiasm over a waning of West German enthusiasm in SDI research.

The U.S. has also struck a concilatory tone, Mr George Bush, the U.S. Vice-President, said earlier this mooth he would welcome a wight to Wachloguen.

funds for the pleasure of join-ing in Eureka. Britzin is still wary that Eureka may turn out to have an over-strong French

Eureka has helped to foster a degree of co-operation among M Curien and his counterparts from West Germany, Britain and up adding only 20 per cent extra
to large existing programmes
for research into high-powered
lasers and ultra-rapid
computers.

Eureka, in direct contradiction to SDI, has been carefully
labelled a civillan programme.

Trom West Germany, Britain and
Italy—Herr Heinz Ricsenbuber,
Mr Geoffrey Pattie and Sig
Luigi Granelli. But more than
that will be needed to put
Europe jointly on a technological path which would raise a
genuine cry of approbation from
labelled a civillan programme.

# **Poland** signs accord on debt

POLAND has finally signed an rading partners on rescheduling about \$12bo in debt payments due for the 1982-84 period.

The accord was reached yesterday after a six-month delay follow-ing the initialling in Paris of an agreement between Poland and its creditors in January.

Poland had been holding out for Western pledges of fresh trade credits before putting its signature to the accord, it was oot clear last night whether some Western na-

tions had agreed to this condition.

The rescheduling of guaranteed government-to-government debt will allow Poland to repay the amounts outstanding since 1982 over a period of 11 years, with a five-year grace period.

Other details of the rescheduling may be spelled out by the Poles at a

press conference in Paris today. Christopher Bobinski in Warsaw adds: Poland's economic situation is slowly improving, Gen Wojciech Jaruzelski, the country's military

leader, told officially recognized trade unionists at the weekend. But he warned that industrial produc-tion growth in the first half of the year was behind target and wages were rising too fast. Mr Affred Miodowicz, the unions'

national leader, told the meeting that he had government promises that new collective wage agree-ments could come into force by the beginning of next year. The new unions, which were established in 1983 to replace the

banned Solidarity union and claim formula. The Government still refuses to

accept the principle of framework agreements negotiated nationally between unions and relevant ministries setting out a minimum wage and other conditions of employ ment which will be binding on the

now independent companies.

The position taken by the Minis try of Labour with the backing of the Government is that under Po-

Further talks on the issue - in which the unions have the covert sympathy of at least some govern-ment ministries anxious to re-es-tablish thoir previous control over wages - have now been shelved un-

til the autumn. The new unions have, however, been given greater powers over wages and welfare spending at the factory level by changes in the trade union law due to be passed this month. Gen Jaruzelski denied et the weekand thet these changes would cut the powers of democratically-elected workers' co-manage-

ment councils. However some councils, such as the one at the Cemi electronics works in Warsaw, have already protested at the changes. They argue that the unions which are still boy-cotted by Solidarity are being given greater powers so that they can win more members by spending funds which have been earned by the whole workforce."

Cemi, which employs 8,000, is typical of larger plants in Poland where some 20 per cent of the workforce are union members while 70 per cent or more took part in elec-tions for the workers' council.

# disappointing half year

BY ALEKSANDAR LEBL IN BELGRADE

RETAIL PRICES in Yugoalavia last month stood 76 per cent higher than the level of a year earlier, representing a slight declina from the peak in May. But even with modest improvement in this and other areas over the past month, Yugoslavia'a economic results for the first six months of this year have proved very disappointing.

According to official 6gures just released, industrial output rose by 2.9 per cent in real wages.

In some sectors supply already exceeds demand as consumers' purchasing power has continued to be croded by the fall in real wages.

Reuter adds from Moscow:
The Soviet Government has named three new industry ministers, apperently the latest move in the hid to improve industrial efficiency.

The Task pages of the control of the cont

The Tass news agency says
Mr Alexet Yashin has been replaced as Minister of Construction Materials by Mr Sergei
Voyenushkin, Mr Arkady
Shchepetilnikov has been
appointed Minister of Industrial

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Notice to Holders

#### New Zealand Adjustable Rate Extendible Notes, Series A

Pursuant to paragraph Stel of the Fiscal Agency Agreement dated November 7, 1984 between New Zeuland and Chibank, N.A., fiscal agent, notice is hereby given that New Zealand has designated a Subsequent Repayment Date and interest rate for the period ending on such Subsequent Repayment Date with respect to New Zealand's Adjustable Rate Extendible Notes,

Subsequent Repayment Date New Zealand has designated November 6, 1985 as the next Subsequent Repayment Date.

The interest rate on the Notes from August 6, 1985 to November 6, 1985 will be equal to lat the weighted average per annum discount rate for direct obligations of the United States with a maturity of 91 days ("91 day Treasury bills"), expressed as a bond equivalent on the basis of a sear of 565 or 366 days and applied on a daily basis, at the applicable 91 day Treasury bill auction (the date of such auction being herein referred to as an "Auction Date") as published by the Board of Governots of the Federal Reserve System of (if not so published) as reported by the Department of the Triasury (the "91" day Treasury bill rate") plus (b) the Applicable Spread (as defined below)

iot such Auction Date.

Such Treasury hills are usually sold at auction on Monday of each week unless that day is a legal holiday in which case the auction is usually held on the preceding Friday. It such Treasury bill rate ceases to be so published or reported prior to November 6, 1985, the then current rate of interest will remain in effect until the earlier of November 6, 1985 or such time as such rate is

again published or reported. The interest tare will be subject to adjustment on the calendar day following each auction of 91 day Treasury bills: provided, however, (i) that the interest rate in effect for the period from August ", 1985 through the date of the first 91 day Treasury bill auction after such date shall be based upon the results of the most recent 91-day Treasury bill auction prior to such date, and (ii) that the interest tate in effect for the ten day period immediately prior to November 6, 1985 shall be based upon the results of the most recent 91-day Treasury bill auction prior to the tenth day

preceding such date.

The "Applicable Spread" (or an Auction Date will be equal to the greater of 1a1 50% of the amount by which three-month LiBOR on such Auction Date (determined as provided below)

amount by which three-month LiBOR on such Auction Date (determined as provided below) exceeds the 91-day Treasury bill rate on such Auction Date and (b) 60 basis points. Three-month LiBOR on an Auction Date will be equal to the arithmetic average (rounded upward, if necessary, to the nearest multiple of 1/16 of 1%) of the quotations provided by the principal London office of each of the Reference Banks (as defined below) to the Fiscal Agent on such Auction Date for United States dollar deposits for the three month period beginning on such Auction Date as offered to leading banks in the London imerbank market at approximately 3:00 p.m. (London time) on such Auction Date. If on any Auction Date at least two Reference Banks provide quotations to the Fiscal Agent, three-month LiBOR on such Auction Date shall be the anti-metic average tounded as stated above) of such quotations; if on any Auction Date less than two Reference Banks provide such quotations, then three-month LiBOR on such Auction Date shall be the same as three-month LiBOR on the immediately preceding Auction Date. "Reference Banks" means Citibank, N.A., The Chase Manhattan Bank (National Association) and Lloyds Bank PLC.

Each holder of a Note will be deemed to have elected to extend the date of repayment of such Note to November 6, 1985 unless the form entitled "Option to Elect Repayment" appearing on the reverse side of the Note or a facsimile or telex thereof, duly completed by the holder of such Note, has been received by the Fiscal Agent, in the case of Notes in registered form, at its address at 111 Wall Street, Registered Bond Processing Department, Fifth Floor, New York, New York 10043, and in the case of Notes in bearer form, at the main office of the Fiscal Agent in London, NOT LATER THAN JULY 26, 1985.

Dated: July 16, 1985

### **Candidate** for Lisbon PM picked

By Dlana Smith In Lisbon

PORTUGAL'S Socialist Party has chosen Sr Antonio de Almeida Santos, a prominent lawyer, as prospective Prime Minister should the party win the general election on October 6. This will enable Sr Mario Soares, the present Prime Minister and party leader, to establish himself as a major contender for the presidential election due in the first week of next January.

Now caretaker Premier of a Now caretaker Premier of a centre-left coalition government whose powers heve been reduced following the dissolution of Parliament last Friday, Sr Soares has long cherished the ambition of being Portugal's first civilian President since 1926 when a rightwing military coup mede the office a military monopoly.

His government had the rug pulled from under it early last month when Sr Anibal Cavaco Silva, the new hardline leader of the Social Democrats, withdrew his party from the two-year-old coalition. However, Sr Cavaco Silva failed to achieve the complete removal of the Social Democrats from the edministration, Presi-

dent Antonio Ramalho Eames.

seeing no alternative, has made the cabinet stay in office until the October election results ere Although the election campaign does not begin officially until early September, leaders of the main parties have already started making strongly worded speeches around the country in an effort to goad lethargic voters into supporting them. Social and Christian Democratic leaders are discussing resuscitating the 1979-83 alllunce which collapsed emid squabbles at the end of 1982 amid serious

### Cautionary tales of tigers

By Patrick Cockburn in Moscow

ago at a time when they were almost extinct, but it is only in recent years that tigers have moved closer to human nave moved closer to human settlements. This is because they are finding it more and more difficult to live on wild bear and deer, their natural prey, which it is still legal for people to hunt, compel-ling the tigers to kill the

Soviet specialists say that villagers in Siberia are often killed by tigers which they bave unwittingly provoked.

a leading expert.

How this explanation is to be made be does not elaborate, but he adds thet "critical situations often arise when slinations often arise when people run awey or try to climb up trees—tigers can lie in wait for a very long time."

In one case a tiger found a dead animal in a village and was dragging it back to the forest when it saw two villagers in pursuit. "It is common knowledge that a tiger does not like to be followed," says Expestia. It rounded on the villagers, knocked one over and sat on bim. Instead of lying quietly be poked the liger in the eye and the animal, thus provoked, bit him te the bone. The man survived, but, the newspaper notes with regret, the liger was shot dead.

TIGERS IN Siberia have killed dozens of people over the past ten years in increas-ingly frequent attacks, accord-ing to the Soviet daily news-paper Izvestla.

The number of Siberian tigers has risen since hunting them was prohibited 40 years village cattle.

On meeting a tiger, the first thing to do is "Let him know you have no claims oo his hunting ground and are pot afraid of him." advises Mr V. Zhivotachenko, a leading experie.

# Soviet military moves Soviet military moves Soviet military moves in East Germany

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT THE SIMULTANEOUS The Soviet military changes

departure from East Germany of General Mikhail Zaitsev, commander of the 400,000 Soviet troops there, and of his top political commissar, General Cadres in the Belorussian Alexei Lizichev, has prompled speculation among Western analysts that the Kremlin may have ordered a shake-up in the Soviet Ilizichev, was transport. Soviet Union's westernmost military forces.

military forces.

Announcing the changes, the East German news agency said President Erich Honecker thanked the two generals over the weekend for their work and wished them success "in their respooaible new work," hardly an lodicetion of any disgrare But the Soviet army newspaper. Red Star, had recently criticised training among Soviet forces in East Germany, and Western analysts said the double departure was unusual, particularly since the reshuffle in the top brass consequent on last December's elevation of Marshal Sergel Sokolov to Defence Minister had seemed to be complete months ago.

appointed Minister of Industrial Construction, replacing Mr Yuri Solovyov, who was named Leningrad party chief last week. The Light Industry Minister, Mr Nikolai Tarasov, who retired earlier this month succeeded by Mr Vledimir Klyuyev, a regional party official. Yugoslavia's economy has BY ALEKSANDAR LEBL IN BELGRADE

# Karami orders militias off **Beirut streets**

BY NORA BOUSTANY IN BEIRUT

LEBANESE Prime Minister Rashid Karami yesterday ordered militia groups off the streets of Beirut by 6.00 am (0300 GMT) today after Syrian army officers joined a high-powered west Beirut peace

He said police and troops would attack any guman ignoring his deadline "whoever he may he and to whichever faction

be helongs."
Meanwhile fighting flared across the city's Green Line following belligerent remarks by Mr Walid Jumblatt, the Druze

The arrival of five Syrian observers as part of a co-ordin-ation committee in charge of supervising a plan for ending the anarchy in the Moslem half of the capital did not do much to soothe combatants on both sides of the traditional confron-tation line dividing Beirut into Christian and Moslem halves. Mr Jumblatt delivered a fiery speech to members of his Druze militia on Sunday indicating there would be no reconciliation as long as the Christian Phalange Party was in power, a reference to President Amin Gemayel. "They either kill us or we kill them," he told a unit of the People's Liberation Army Kamal Jumblatt forces during a luncheon at his Chouf Mountain residence of Mukhtara. At least 30 Syrian observers and five intelligence officers are expected to establish themselves

here to belp carry out a security accord hammered ont in Damascus last week by 13 of Lebanon's Moslem political and religious leaders. The Lebanese police, known as the Internal Security Force, will be supported by a Lebanese army strike force to be forged

from the various Christian and Moslem brigades, in making successful. As shelling kept sure no militiamen appear on inter-city access links closed the streets with arms and that militia offices that mushroomed in the absence of government would be tackled separately, suthority, remain closed. The Belruits held out little hope for inter-city and acceptable close of the confrontation lines would be tackled separately. Moslem brigades, in making crucial and essential step of improvement.

A car bomb exploded yesterday in south Lebanon, killing at least stx Lebanese, including two Israeli-allied militamen, Israel army radio said. AP reports from Tel Aviv

The report said the car exploded near the village of Tebnit, five miles north of the Israeli border, at a military checkpoint on the boundary of Israel's designated
"security zone" in Sonth
Lebanon. It was the third
car bomb explosion in south
Lebanon in less than a week.

collecting weapons from the warring factions is not part of immediate plans. Aides to Mr Jumblatt last

week commented that response by the various groups in closing down offices was just temporary and due to their distrust of ona another. The Druze leader threw another. The Bruze resuler threw a damper on the Syrian-brokered security plan by stress-ing that "there can be no solution in Lebanon as long as this damned (Phalange) party exists."

The Damascus meetings last week largely aimed at stemming inter-Moslem friction that mani-fests itself daily with street battles, bomb attacks and killings. The Christian camp, which is divided over its stand on the been included in, or consulted on, the proposed measures. Mr Camille Chamoun, an ex-president and the most senior Christian spokesman has scoffed at the Moslem negotiated

Damascus agreement. Past experience in Belrut's jungle of militia power has shown that such security plans are usually shortlived, if at all

#### Last ditch talk to avert general strike in Israel BY DAVID LENNON IN TEL AVIV

MARATHON negotiations were tions, radio and television and continuing in Israel last night the hospitals which will work as the Government tried to according to normal weekend reach agreement with the whits, the Histadrut decided unions on pay levels in an effort yesterday. to avert the general strike set

Government and union officials have been locked in intensive discussions for the past two erosion the unions will agree to under the government's new economic austerity programme, designed to battle the soaring inflation and declining foreign

currency reserves.
Officials of the Mistadrut trades union federation said yesterday evening that plans for the general strike were going ahead. The strike would defi-nitely take place, they said, if agreement is not reached on the amount of compensation to be

ment's effort to curb inflation which totals 380 per cent in the past 12 months. It was announced yesterday that inflation in June was a record 14.9 per cent. This was less than the Government had feared, but it does underline the failure of earlier efforts to control inflation through voluntary wage and price controls.

Agreement was reached yes terday afternoon on most aspects of compensation for inflation for wage earners in the private sector. In addition to a 14 per cent one-time pay-ment being offered by the Government, the private sector amount of compensation to be government, the private sector will make a further payment will make a further payment of 12 per cent of the June plate wage freeze for three months.

The strike will be total except for public transport, petrol sta-

# Khmer Rouge shifts stance over future Government

BY CHRIS SHERWELL, SOUTH-EAST ASIA CORRESPONDENT

power in Kampuchea by Viet-namese troops in 1979, has tacitly accepted that a future national Government might include the Hanoi-installed Heng Samrin group and not it-

The admission, which amounts to a significant concession by the militarily powerful Peking-backed group, came in a hroadcast on Sunday, monitored by tha BBC. The broadcast detailed a seven-point statement said to have been agreed at a meeting of Khmer Rouge cadres

meeting of Anmer Rouge cadres
on July 5 and 6.
According to the statement,
the Khmer Rouge is ready to
accept former Prince Norodom
Sihanouk as president of
Kampuchea and would also
"welcome other Cambodians,
including Henn Sammi Methers including Heng Samrin" if they stopped supporting Vietnam's interests. Currently the Khmer

THE Khmer Rouge, ousted from Prince hattling to oust the Heng

Samrin regime.

In another surprise admission, the Khmer Rouge also said that it "may or may not be able to participate in the responsibility of national government" a clear hint that it was ready to stand aside if the Khmer people so decided. Tha party even suggests that a future Kampuchea would be "liberal and capitalist" in economic policy and he a "parliamentary democracy."

The statement appears to offer a "parliamentary democracy."
The statement appears to offer fresh avenues for the pursuit of a political settlement of the vexed Kampuchean question, provided—as the Khmer Rouge makes clear—Hanoi is prepared to consider withdrawing its 120,000 to 120,000 troops.

160,000 to 180,000 troops Hitherto Hanoi has refused to do this, without the "elimination" of the Khmer Rouge's senior figures, Pol Pot and Ieng Sary, and an end to arms supplies for the resistance could Rouge is part of a three-year-old plies for the resistance coali-tripartite coalition led by the tion's guerrillas.

### Khartoum march dispersed

BY JOHN MURRAY BROWN IN KHARTOUM

RIOT police used tear gas and baton charges to disperse a march by Sudanese bank employees in the capital Khartoum yesterday. There were a number of injuries and some arrests. The bank union immediately called out its members on a one-day strike.

The marchers, estimated at over 2,000 were demanding the sacking of Mr Fakki Mekki, the governor of the Sudanase Central Bank. They also called for

subsidies on basic commodities and a rejection of any IMF reform programme.

An IMF team was recently in Khartoum to discuss moves to resolve the Sudan's debt crisis. At present externel debt to the Government and commercial banks stands at \$9bn (£6.5bn). A more immediate obstacle is the \$127m owed in arrears payments to the Fund. IMF officials are said to have made little progress on these

John Elliott reports on New Delhi's plans to make the Ganges chemically clean as the River Thames

# Technology comes to the aid of India's sacred river

their sacred River Ganges is The Netherlands is providing not only the most spiritually technology and equipment for pare but also one of the most polluted major waterways in the world. Now they want to make it as chemically clean as the River Thames and as commer-cially useful as the Rhine.

The waters are not as dead as the Thames before it was cleaned, but this 2,525 km-long holy river, whose basin accom-modates 25 per cent of India's 730m population, has no fully operational sewage treatment plants.

The holiest city of Varanasi pushes 25m gallons of untreated sewage a day into the river where bundreds of Hindus bathe at dawn, alongside the occasional floating corpse, to purify their souls purify their souls.

There have been several ineffectual initiatives: many sewage treatment plants are not working either, as often bappens in India, because the machinery has broken down, or because the electricity has been cut off after bills bave not been

diverted the open sewers to empty into the river downstream of their own areas, so passing their pollution on to neighbours.

a two-year pilot project to start restoring the river to the importance it had before railweys and major roads were developed. It is contributing one-third of the \$650,000 cost of opening up the river from Patna in the east to Allahabad. 600 km upstream, ooce a oew lock in the giant Farakka harrage is completed.

International attention was focused on Mr Gandhi's scheme when both France and the U.S. ing his foreign tour last month. Water treatment experts from these and other countries. including a team from the Thames Water Authority, and others from the Netherlands and West Germany, are now descending on New Delhi to sell their expertise at making money out of sewage. But anyone who thinks they can loke about the Ganges—or the Ganga as it is called in Hindi—should beware.

"We bave brought the water some towns have merely liverted the open sewers to bear into the river downsempty into their own areas, so replied when asked in Paris replied when asked in Paris replied when the Seine would be whether the Seine would be polinted by Ganges water which

A new five-year cleaning programme, costing an estimated
£170m was announced as a top
priority by Mr Rafiv Gandhi
when he became Prime Minister

The Ganges is the most useful to sort out the poor
well known river in the world

Kalyanakrishnan also
could not entertain the idea
that it might be more socially
useful to sort out the poor
state of open urban sewers



and is the source of the growth of the Aryan civilisation. It is a place of honour in the minds of men," said Mr J. A. Kalyanakrishhnan, Permanent Secretary of the Department of the Permanent o the Environment in New Delhi. when asked why the Ganges was to be purified and why India's other major rivers were left with little bope of such

before bothering with the river. In common with most of the rest of India, only 10 of the largest 50 towns and cities on the Ganges with populations of over 50,000 bave any form of closed sewers. In only two of those 10 are more than 50 per cent of dwellings linked to the

Research into cleaning the Ganges started in 1978. Seven months before she died last could not entertain the idea year, Mrs Indira Gandhi com-that it might be more socially missioned an action plan that useful to sort out the poor has now been taken up by her son. The research showed that

unlike the pattern in indus-trialised countries, industrial waste and pesticides from agricultural land cause minimal damage compared with sowage. Relatively little damage is also done hy the much-publicised dead bodies.

"The dead find salvation in the river for people who can't afford burials or cremations," says Mr Kalyanakrishnan.

"I have heard that people in Varansi float dead animals from one end of the town to the other to mature the bldes in the water," saya Mr N. Chaudhuri, chairman of Central Pollution Control Board, He estimates that 100 dead bodies only cause the pollution of 3,500 peoples' sewage, so with a population approaching 200m in the Ganges basin, sewage is the first

cent of the total sewage comes from 29 towns and cities with populations over 100,000 on the main river. So these are to be tackled in Mr Gandhi's Initiative, with other towns end the river's 21 tributories left till

The plan is to intercept open sewers where they flow into the river with wells, pumping stations and a new line of sewers that will link these points to one or two "resource recycling units" located at either end of a town on the river bank.

India wants to use the waste

for making poultry feed, for fish breeding and irrigation, manure manufacture and energy in the form of biogas.

The researchers estimate that the units should produce a surplus of 73p (11 rupees) per person per year after running costs of £1.50 and output of by-products worth £2.23.

Foreign experts, including visitors from the U.S. Environmental Protection Agency, doubt whether this can be achieved Indian civil servants and engineers are not yet sure how much help or finance they need, although they acknow. ledge they do need advice on managing the project.

They will look at alternative technologies for sewage digestive systems and the recycling units. The World Bank, which is already involved in various water projects in India, is also

There is no plan to try to clean the Ganges of its existing pollution because, says Mr Chaudhuri, the river hed should clean itself enough within 10 years once the sewage is diverted.

"It is a holy river and has greater self cleaning properties than usual. It cleanses organic other rivers and nine times climes," he says, mixing the expert knowledge of an engineer with the mysticism of a

# Lange welcomes stopping of All Black tour | Deng says China's reforms

BY ANTHONY ROBINSON IN JOHANNESBURG

SPORTING South Africa was in mourning yesterday following the interdict by New Zealand High Court Judge Mr Justice Casey forbldding the New Zealand All Blacks rugby team

declined comment on decision until be heard officially from the New Zealand rugby anthorities, who are meeting today to assess the situation, but Mr David Lange, the New Zealand Prime Minister, said in Meeting that the Comment of the New Zealand Prime Minister, said in Weltington that his Government would oppose any attempts to

arrange a substitute tour. He said be sympathised with the disappointment of indi-vidual members of the All Blacks and their families. "But, if you ask me who I most feel sorry for it is for four out of from departing for their five South Africans who don't get a vote . . . for the people who are shoved into the bomeland situation . . . for the 320-odd people who have been shot the South African rugby board, there," be said in a reference to the recent spate of rioting in South Africa.

in South Africa.

In Sydney, the chairman of the world rugby union's ruling body said that it would ban South Africa and the players involved if it tried to organise. a professional rebel tour. Mr. Two rugby-playing lawyers Roger Vanderfield, of the had biotight legal action against

of an invitation rugby side. But if they go as professional players to get paid for playing then that is another matter."

The All Blacks were due to arrive in Johannesburg on Fri-day for a 16-match tour including three international matches against the South African Springboks, but yesterday the New Zealand rugby officials can-celled the tour, saying thet Saturday's court ruling bad made it impossible to continue to make firm arrangements.

International Rugby Board, the rugby authorities, saying said: "There is nothing to stop the tour was against their own rugby players going to South constitution which bound them Africa as individuals or as part to foster the sport. The court granted an injunction preventing the team from leaving until the action had been settled.

The final ruling on the legality

of the tour is expected within are afoot to organise a "rebel tour" by All Black team members. The man behind the rebel tour proposals is New Zealand lock Andy Heden, but the scheme would have to be sanctioned first by the South African Rugby Board. Dr Craven indi-Rugby Board. Dr Craven indicated Sunday that he would not give approval and stated flatly "there will be no rebel tours."

At a meeting yesterday with the visiting Prime Minister of the visiting Prime Minister of the provent and stated flatly "there will be no rebel tours."

At a meeting yesterday with the visiting Prime Minister of the provent and the provent in the provent in

#### are 'an important test' BY ROBERT THOMSON IN PEKING

that China's economic reforms are an "experiment," the Chinese leader, Deng Xiaoping, said yesterday that the reforms are "an important test" and "we must pass the test."

Deng has surprised Western observers in recent weeks with observers in recent weeks with statements that China's "open door" policy is an "experi-ment." A widely-accepted inter-pretation here is that he is responding to concern within the leadership over the pace of introducing the reforms.

IN A VARIATION on the theme leader said that persevering that China's economic reforms with the open policy is a necessity.

"If we do not carry out reform and do not persevere in the open policy, it will be impossible for us to attain our strategic objective of economic development," be said.

"I believe our policy will succeed. Of course, during tha twists and turns and even mistakes of various degrees, but we will correct mistakes as soon as they are found. If one method



The new Boeing 737-300 is four years ahead of anything else in its class. Nothing else comes close to matching its size and performance.

In just one year the 737-300 has become the best-selling jetliner in the world. Even by its first

had placed orders for 155 Boeing 737-300s, with options on 73 others. Today, 16 customers have ordered 170 airplanes.

The airline world knows a good thing when it

commercial flight on December 7, 1984, 13 customers sees it, and is moving fast to put this new technology into service. It's a perfect fit with the other members of the Boeing family-the 747, the 767 and the 757. It's also one more way Boeing is helping keep

air travel our best transportation value.

BOEING

# Mexico's alchemists 'ensure victory at polls'

MEXICO'S ruling Institutional Revolutionary Party (PRI), which bas held uninterrupted power here for 56 years, won the July ? elections in the narthwestern barder state af Sonora — where it faced probably its most threatening challenge at the polls since 1940 — by allegedly resorting to wholesale electoral fraud. This was asserted to the correspondents in Mexico af the Financial Times and the Times by a man who, an his own confession, has far the past twa years been a key member af a 200- ta 300-strong mabile team af ballat-riggers emplayed by the PRI and the Interiar Ministry.

Ministry.
The team of ballat-riggers, The team of ballat-riggers, at alchemists as they are popularly known in Mexico, has developed an undetectable method af turning PRI dross into electoral gald. Known as Operacion Niño (Operatian Child) it has been employed in at least faur state electians, including the key July 7 Sonara contest, to cheat the opposition contest, to cheat the opposition right-wing National Action Party (PAN) at victary. This complements the more obvious types of ballat fraud already used and widely witnessed again this time.

again this time.

The alchemist, who agreed to he pseudonymously named Dianisia, pravided details af how his team rigged elections in Baja California Norte, the peninsula below Califarnia, in September 1983, in the northern Pacific state af Sinaloa in Navember 1983, and in the Navember 1983, and in the tha PRI. A decisian apears to north-eastern horder atate of have been taken to stop the Tamanlipas in December 1983. PAN at all costs, evan if this Dionisio knew that Operacion meant going hack on President Nina was being maunted again. Miguel de la Madrid's pledge for Nina was being maunted again in Sonora because be had been appraached by the PRI to take part in it.

Dionisio agreed to the interview because he was disenchanted with what be had done.
"I am a Priista hy conviction party had won through fraud but this destroys one's morale.
The PRI cannot survive like this indefinitely because it is dangerous and heats up people'a vative enclave south of Mexico City. gerous and heats up people's blood, opening up the country

of an inquiry by a Dutch-led team of safety experts into the

Organisation far Applied Scientific research, whase find-

tions at Mexico City.

A PRI electian rally in Sonora last month

Operacion Niño was first used in September 1983. This was after apparently clean state elections in the northern states of Chihuahua and Duranga in July 1983 saw the PAN win deciaive victories in most majar town halls and both state capitals.
The PAN looked set to win

a state governorship, something never previously conceded by a more open democracy and to campaign against corruptian. In interviews in March, June

Design blamed for Pemex blasts

The TNO team helieves the

series of explosions on Novem-blast may have been caused by ber 20 which caused the highest a design fault and an operating death toll in any petro-chemical fault.

ings are heing studied by local distribution at the gas Pemex, the Mexican state storage centre. This seriously

owned petroleum company weakened some of the high which owns the liquid pressure vessels. petroleum gas (LPG) installa- At the same time, the opera-

The disaster invalved about pressure vessels to be over-12,000 cubic meters af LPG filled, thus eliminating their stored in six spheres and 48 safety margin,

ring not to the challenge from
PAN but the dangers af communism taking root. He said he was in no dooht he would be killed if his identity were discavered.

The whole of Cangress and more than 800 town halis, both President dent de la Madrid and Sr he was in no dooht he would manuel Bartlett, the Interiar be killed if his identity were discavered. Manuel Bartlett, the Interiar Minister, promised to honour oppositian victaries. After the pall, however, senior PRI officials claimed a victory af

Albanian proportions. In Sonora, the Iocal party claimed 100 per cent of the offices up for electian, while nationally the PRI said it had won all 300 of the Congressional seas contested on the first-pastthe-post system (a further 100 are handed out among the oppositian parties on a proportional representation system introduced in 1977).

The result, particularly in Sonora, has been atrongly challenged by the PAN alleging fraud. Even the independent leftist parties, apponents af the canservative PAN, said they believe PAN bas been chasted.

The mechanics of Operation Nino used in Sonora are, according to Dianisio, virtually impossible to detect. The president of the polling-booth. invariably a PRI member, and the Opposition's poll-watching ta ideolagies allen ta Mexican Prior to this month's elections representatives are required to idiosyncrasies," he said, refer- for seven state governorships, fill in an innocuous farm and

TNO, which employs 5,000 people and is financed by the

Carbide plant at Bhopal, India. TNO says its Mexico City report has attracted world-wide

and Shell UK.

sign it, saying that at such and such a time, with ballat-slips, urns, and electoral register all in place, voting began. urns, and electoral register all in place, voting began.
In the course of the morning, Dionisia alleges, an alchemist turns np at the booth, with either falsified or real credeniala accrediting him to the state Electoral Commission, the

body which counts the votes and is again dominated by the PRI by virtue of its control over all 31 state Governorships. The alchemist requests this The alchemist requests this approve the formal handover to form, which carries no record the Electaral Commission of voting, saying it will be passed an ta the Electoral Commission as part af the monitoring process of clean elections. The farm is then taken to the alchemists' central laboratory returns could shart circuit this. where the professional forgers and bandwriting experts set ta work. Their rew materials are

work. Their rew materials are ballat slips, copies of the electoral register far the districts being fixed and the farm with the signatories of both representatives.

When voting closes, the urns are publicly opened and counted to the satisfaction of all ted to the satisfaction of all parties. A results form (acta de escrutinio) is filled in and signed by each of them. The results form and the voles are then wrapped and sealed into an electoral package which, in theory, goes to the Electoral Commission. The party representatives are each given copies of the results form, but anly the master has legal validity.

In the laboratory, meanwhile, ballots are filled in to produce the required majorities, a new results form is filled with the carefully-forged signatures of the hooth representatives, and

the hooth representatives, and another packet, indistinguishable Dionisio assures us from his own experience, is assemhled. The forging of the signa-rutes is one of the twa essential

aspects of the fraud.

Concealing this fake package in his car, the man wba called at the booth in the morning collects the real one. Because for Mexico's long history of fraud, party representatives now routinely demand to accompany the purported Electaral democracy Commission representative, to Mexico."

agrees, but insists they follow in saparate cars sa there is no danger of interference by an party an tha way. (Any ret cence is avercome, Dioniaia says, by wielding the authority af the commission and the penalties far interfering with the

The alchemist switches th packages en route; the second key ingredient af the fraud. The party representatives the approve the formal handover to Dionisio alleges unhesitat-ingly that the PRI and the

Interior Ministry collude in this fraud which belped produce results like the fallowing. One hour befare polling closed on July 7, the Electoral Commission announced the results af the tital areas surrounding Cluded. amounced the results af the rural areas surrounding Cludad Ohregon, a PAN stronghold where Sr Adalherto Rosas, a popular mayar from 1979-82, was the PAN candidate for Sonora Gavernor. In Sr Rosas' home town of Puehlo Yaqui, where he claims 150 relatives. where ha claims 150 relatives on his mother's side alone, two booths showed a 500-0 and 320-0 verdict in favour of the PRI.

Sr Maximiliana Silverio
Esparza, the PRI national
executive's delegate in Sonara,
was asked by the Financial
Times whether he would state categorically that there had not been a single instance of fraud that his party knew af during the election there.

He replied; "I can cate-gorically affirm that there was no instance of that ugly word you mentioned, which I think yon mentioned, which I think it would he inappropriate to mention again. No such malevolent occurence toak place. This was a democratic fiesta, a clean process which will stand up to any test, under any circumstances. In Sanora the people won, and with them democracy triumphed in Mexico."

# Conservatives forecast to triumph in Bolivian poll

FAULTY design appears to cylinders of various sizes. The have caused last November's number of casualties was due accident at Mexico City's main partly to the fact that there was gas distribution centre, in which a densely populated district filled to 100 per cent. As a minimum safety distance of an inquiry hy a Dutchled sound of the conclusions of an inquiry hy a Dutchled sound sound in the conclusions of th and his conservative Nationalist Democratic Action (UDN) party took an early lead as vote-counting started after Sunday's general elections in Bolivia.

lisaster.

The design fault appears to The inquiry was carried ont have been the use of a very powerful pump, intended for lentific research, whase find-gs are heing shadie.

The design fault appears to have been the use of a very powerful pump, intended for long-range transmission of gas through a 230 lentific research, whase findby Radio Fides Sr Banzer, president is scheduled to take who ruled the country from office on Angust 6.

1971 to 1978, had won 41 per cent of the votes, twice as many leader of the moderate left, as his nearest rival, former president Victor Pay Estenssory President Victor Paz Estenssoro of the Revolutionary Nationalist pressure from his opponents.

Movement.

Movement.

In third place was the leading candidate of the left, former Vice-President Jaime Paz interests to those of the countries of the co interest among governments and the petro-chemical industry. In Britain, copies have been ordered by the British Gas Corporatian, British Petroleum

FORMER General Huga Banzer per cent of the votes.

If no candidate receives more than half the vote, the new congress, elected yesterday, will meet on August 2 to choose general elections in Bolivia. hetween the three candidates.

According to unofficial tallies with the most votes. The new

from office a year early under

The party of President try's foreign creditors, while the Hernán Siles Zuazo, the Revolutionary Nationalist Movement of the Left (MNRI) was in fourth place with less than 5

# IFC investments rise by 55%

AT THE end of the first year of a majar expansian pro-gramme the International Finance Corporatian, a World Bank affiliate, yesterday reported that its new investments increased by 55 per cent ta a record \$610m (\$442m) in the year ending June 30 writes Stewart Fleming. Its net income rose

8 per cent ta \$28.3m. The increase in the multilateral development agency's net income was calculated after making an addition to its

sible losses on investments. The provision is slightly lawer than the one made in the previaus year, Sir William Ryrie, execu Sir William Ryrie, executive vice president of the IFC, said that last year the corporation was "able to get back on to a high growth track after several relatively flat years."

Sir William cited several innavations in the IFC's operations over the past year. It has added variable interest rate loans ta its packaga of

investment services, it has used its power ta guarantee investments, it has raised capital directly from the private markets rather than relying an its parent for funds, and it has put forward proposals for an African project develapment facility ta help the private sectar in Africa appraise and finance projects.

Sir William defended the IFC's lending programme in Africa where it has suffered heavier losses than in ather regions of the world.

# Ryrie brings new broom to development agency

IT TAKES a few maments to adjust to the idea of a small multilateral development agency helping ta plant the seeds af capitalism in the minds of Chinesa communists. But that is precisely what the Inter-national Finance Carporation, a Warld Ban kaffiliate, is daing with its first investment in China.

As part of a deal under which the IFC will joint with Auto-mobiles Pengeot of France and the Chinese bus assembler Guangzhou Automobile Manu-Guangzhou Automohile Manu-factory (CAM) to establiab a \$20m (£58m) pick-up truck production facility, the Chinese Government agreed to sell 10 per cent af the shares in the plant to tha public, giving workers preference in applying for tha stock.

The Chinese initiative is undauhtedly a feather in the cap for Sir William Ryrie, the new executive vice-president af the IFC, who moved to the IFC from his post as permanent secretary of Britain's Overseas Development Administration in

October of last year.

Not only does it undermine the IFC's potential to promote development through the private sectors, the role for which the IFC was created in 1956, it also emphasises an aspect of the IFC's work on which Sir William himself places great store—its capacity places great store—its capacity far stimulating the growth of financial institutions and capital markets as part of the develop-

ment process.

The IFC has been active over the past year in helping to establish a life assurance company in Indonesia. It previously played a leading role in the creation of the South Karean stock market and an investment fund to facilitate the flow of private capital from investors in developed countries to Korean

long overdue changes," says a top World Bank official.
The legacy which Sir William has inherited at the IFC is a however, is that Sir William is IFC more into the spotlight, mixed one. His predecessor tackling the challenges head on, can expect to have its, and his, will be remembered as a man particularly the joh of reorgan wha successfully devoted much ising the IFC ta try to achieve monitored, nat least because of



Ryrie: making changes

Howevar, assuming, as most do, thet the capital increase does go into effect, tha IFC'a five-year plan calls for it to invest some \$4.5bn of its own money in about 480 projects with a total value, including the participation of its partners, of around \$25bn. The IFC usually takes only a 15-20 per cent stake in a new investment in a new investment.

in a new investment.

Achieving this sort of goal is clearly gaing to be a challenging task. Much of the developing world is struggling to escape from a financial atrait-jacket which has thrown economies into turmoil. Many Covernment's of developing countries have still to accept the idea implicit in the IFC's capital increase, namely that foreign private direct investment must again play a higger role in their again play a higger role in their econamic development. Some development experts argue that for the foreseeable future the

concerns.

Sir William's first months the director of the Interhave been marked by a shakeup at the IFC, "He has brought a fir mhand and is making some William, who has spent his life in government service, has the right background for the job. What is no longer in doubt,

started sweeping away at the

at the top away from its regianal focus to create, in Sir William's words, "a small senior management team each of whom has a corporate wide view." Some senior officials, retired in the process, creating a mood of uncertainty amang tha staff.

Sir William also took the initiative of forcing the IFC to take a closer look at the results of its own operations. A worry-ing deterioration in the loan portfolla, rising delinquencies om loans and write-offs on investments, have been tackled partly through a decision to improve the loan work-out func-

A special investigation was conducted to try to establish the source of the problems. The conclusion was that unfavour-able economic conditions, rather than poor IFC staff work, was largely to hlame. But daubts were expressed about the way some of the IFC-backed projects were financed. In structuring some deals, more attention could have been pald to the risks of adverse changes

tees are expressly forbidden. So although the IFC is expected to make a profit, and has done, it ends up taking stakes or financing the more risky investments

development eaper.

for the foreseeable future the projects to be financed will built into its share or projects.

Sir William recognises both the challenge that he faces and the need to deal with some of the criticisms which have been the is lookthe criticisms which have been levelled at the IFC. He is looking at ways to speed up the IFC's decision making processes while at the same time trying to make prospective investors in the developed world more sware of the IFC and its role. Sir William, in bringing the tackling the challenges head on, particularly the job of reorganising the IFC ta try to achieve monitored, nat least because of its goals. Within a few months of taking office, the new broom governments of the industrial countries to see private capital powebs, play a bigger role in Management was restructured development process.

# WORLD TRADE NEWS

**UK GROUPS SHARE IN RAPID TRANSPORT CONTRACT** 

At the same time, the opera-

tars appear ta have allowed the

# Australians win HK\$1 bn rail order

BY DAYID DODWELL IN HONG KONG

contract to huild the first phase of a major new rapid transit system in Hong Kang's Narth-Vest New Territories.

Supply Systems will provide
The contract, awarded by overhead power lines, as well as West New Territories.

Hong Kong's Kowleon Cantan some translation.

Railway Corporation, is one af tection.

Two major construction con-The secand—ta huild a will p
HK\$3bn road and rail tunnel
linking Hong Kong Island with
Kwun Tong, west of Kowloon— promi has still to be short-listed. The Australian consortium is understood to bave snatched the contract as a result of significant last minute improvements in its offer. Two manths aga, consortia led by Ateliers de Constructions Electriques of Belgiom and a UK-Hang Kang Cansortium including GEC Transportation Projects, Metro
The first phase contract for last contrac

A CONSORTIUM headed by the Cammell and Cammon Hang Hang Kong's Light Rapid Australian graup Leightan Construction (Asia) has heen final discussions an the contract. (LRT) involves a 23.5m double track rail system linking awarded a HK\$1hn (£97m) The Leighton consortium Tuen Mun and Yuen Long, two The Leighton consortium includes three major British companies working as subcon-tractors. Balfaur Beatty Power

Hawker Siddeley will provide tracts that have been fiercely power supply and power equip-contested in recent months. power supply and power equip-ment, while Cahle and Wireless will pravide system communica-

some track wark and track pro-

Leighton has recently been wun Tong, west of Kowloon—

as still to be short listed.

Tha Australian consortium is

The Australian consortium is

The Australian consortium is

The Australian consortium is

The Australian consortium is cur-

Tuen Mun and Yuen Long, two new cities in Hang Kong'a North-West New Teritories. The Kowloon Canton Railway Corporation (KCRC), which will run the system, has an aptian ta extend the system by a further 10km. This second

stage is estimated to cost just under HK\$1bn. According to Mr Peter Quick, KCRC's managing director, Leighton snatched the contract at the last minute by offering ta provide operational help and advice as part of the package.

The Metropolitan Transit Authority of Victoria (MTA), which was ariginally to play a minor part in the consortium, will now play a major part in training KCRC staff to operate the system and establish working routines.

MTA operates the Melbourne The first phase contract for light rail system, one of the finalised.

largest in the world. Work on the project is expected to begin in the second week of August. The system is intended to be in operation hy the middle of 1988. Officials pre-

dict it will carry 300,000 passengers a day within a year. It will at the outset create 600 new The project will be totally debt financed. Export credits from the Australian Government, through the Export Finance and Investment Corporatian, have been agreed, and will account for about 40 per cent of the cost of the project.

Britain'a Export Credit Guarantee Department (ECGD) is also expected to provide credits for work being done by British contractors. The KCRC has been assured that commercial loans for the project will be denominated in Hong Kong dollars, and will be at fixed interest rates yet to be

# NTT chief hits at quality of U.S. goods By Carla Rapoport in Tokyo

THE STRENCTH of the dallar and inconsistent quality of U.S. products were vesterday hlamed by Dr Hisashi Shinto, chairman of Nippon Telegraph and Tele-phone (NTT), far the relative lack af fareign sourcing for the campany's goods.

Addressing a group af fareign journalists in Tokyo yesterday. Dr Shinto first hlamed the dallar's strength far NTT's relatively low level af foreign purphases. In the year ended last March, NTT asurced anly a small percentage of its \$2.5hn (£1.9hn) worth of equipment purchases fram overseas, with

most of that coming from the In April of this year, NTT moved aut of the gavernment control and into the private sector. Although the Government still halds all the sbares, NTT bas longed stressed that it intends to act as a private cam-

pany,
Dr Shinta said yesterday,
bowever, that U.S. telecommunications companies " do not use cations companies "do not use the same quality control as in Japan. I da pay great respect to U.S. hi-tech products, hut we have been seeing defects at random, unimportant levels." This, he said, pointed to "alappy wark" and poor quality control. Nonetheless, such prablems were "easily correctable."

able."
Dr Shinto added that in at least one case, NTT had worked with a fareign supplier ta iron out its quality problems. He stressed that the problems were found in low-grade areas.
He said his comments applied mainly to American products hecause NTT had bought few of such goods from Europe,

# China puts 80% tax on car and mini-computer imports

BY ROBERT THOMSON IN PEKING

CUSTOMS OFFICIALS have an 80 per cent tax on imported cars, photocopy machines and mini-computers.

As well as gaing some way ta achieving the Chinese Govern-ment's stated aim of regulating imports "by economic means," the new tax, hased on the import cost at the distributor will increase the already high costs far fareign companies managing representative offices.

For instance, the new import tax will increase the total duty an imported cars to 200 per

omic Zones and Hainan Island. said the tax will hit import purchases throughout China, and include the zones and Hainan, which have charged lower imports have charged lower important charges and synthetic than the said the tax will hit import purchases throughout China, and include the zones and Hainan, which have charged lower important than the said that the said th

CUSTOMS OFFICIALS have confirmed that China's new "import regulatory tax," effective from July 16, will be applied throughaut China, and include an 80 per cent tax on imported confirmed that China, and include an 80 per cent tax on imported confirmed that China's new "import confirmed that China On trucks, it will be 50 per cent, and on processed polyester A customs department official yarn and synthetic fabrics it said the tax will hit import pur- will be 40 per cent.

past in an when they stood at \$16.3bn (\$12.5bn). By the end of March this year, they had failan to \$11.62bn.

The customs department provided a list of "import regulatory tax" charges, which will be added to existing duties and be imposed an goods ranging from cars and motor cycles" to be added to existing duties and be imposed an goods ranging from cars and motor cycles are coorders.

cars and motor cycles to video-recorders and synthatic fabrics. Chinese Government's share of foreign exchange an future im-On cars, mini-buses, mini- ports on the affected goods.

# Call to liberalise Peking deals

THE British Governmant yester- exporters."

Western allies far a substantial liberalisation af strategic technalagy trade with China.

Particular emphasis was placed an the need ta lift the embargo, imposed by members af the Paris-based Co-ordinating Cammittee (CaCom) for strategic exparts, an the sales af selected itams af defence and bigh technalogy equipment.

This was ane of the main recammendations in a report by a House af Cammans select committee on trade with China released yesterday.

Despite liberalisation of strategic trade with China numerous embargoes remained and libis was a "cause af great concern, not only to the Chinese, but ta the UK defence industry, which is one of our principal of the company of the Chinese, but ta the UK defence industry, which is one of our principal of the company of the Chinese, but ta the UK defence industry, which is one of our principal of the company of the Chinese, but ta the UK defence industry, which is one of our principal of the company of the Chinese, but ta the UK defence industry, which is one of our principal of the company of the Chinese, but ta the UK defence industry, which is one of our principal of the company of the Chinese, but ta the UK defence industry, which is one of our principal of the company of the Chinese, but ta the UK defence industry, which is one of our principal of the company of the Chinese, but ta the UK defence industry, which is one of our principal of the company of the Chinese, but ta the UK defence industry, which is one of our principal of the company of the Chinese, but ta the UK defence industry, which is one of our principal of the company of the Chinese, but ta the UK defence industry, which is one of our principal of the company of the Chinese, but ta the UK defence industry.

day was urged to press its Tha report generally faund western allies far a substannial that Britain was experiencing a

Organisation for Economic Cooperatian and Development (OECD).

#### Foreign cars gain in Italy By James Buxton In Rome

FOREIGN CAR manufacturers the first aix months of this year.

In a market which rase 5.6
per cent ta 599.637 veblcles
delivered to customers, some
39.7 per cent was wan hy
imports, against 35.7 per cent
in the same period of 1984.
Fial's share fell back fram 46.7 per cent la 43.2 per cent. and that of Alfa Romca from 7.6 per cent ta 6.5 per cent Renault's share went up from 9 per cent to 10.5 per cent, and that of Volkswagen from 4 per cent to 6.6 per cent. I ar put aside."

# Pledge on trade in services

BY BERNARD SIMON IN TORONTO

af trade ministers from the U.S., Japan, the EEC and Canada, in the Onlario city af Sault Ste. Marie, Dr Claytan Yeutter, the new U.S. Trade Representance, said that trade in services, such as banking, insurance and cross-

THE West's majar industrial cauntries have affirmed their determination to include trade in services in the next round of multilateral trade negatiatians.

Following a three-day meeting af trade ministers from the U.S.,

countries.

The four parties, whose countries account far almost two-thirds of world trade, agreed to formulate an umbrella set of principles for trade in services. Mr Yeutter said the next atep will be ta concentrate on specific sectors such as hanking and data transmissian.

Several less-developed countries, led by Brazil and India, strongly oppose the inclusion of services in the next round of trade talks, fearing that concessions will open their markets to foreign damination especially by U.S. companies. The Sault Ste. Marie meeting agreed to press ahead with plans for a new round af trade

talks next year. Senior trade officials are due to meet again in September to discuss preparalary work. The ministers also agreed on the need to extend the Multi-Fibre Arrangement, dna to expire in July 1986.



There's no doubt that oil exploration and production take financial muscle.

With funds generated of over £1 billion last year Britoil has plenty of that.

But, when it comes to manpower, it's brains rather than brawn that have proved the secret of success.

It's geologists, engineers, technicians, geophysicists and all the other professionals, whose expertise, efficiency and enthusiasm make Britoil one of the world's leading exploration and production companies.

Last year they produced a total of some 168,000 barrels of oil a day and were

involved in drilling

more wells offshore UK than anyone else. Briton

But before you can produce oil you have to find it.

That's what Britoil is all about.

Its prospects are excellent. It has more exploration acreage offshore UK than anyone else and almost as much again in the Far East.

It has interests in Norway, Denmark, Holland, Ireland and a one third share of the Margham field in Dubai. And interests across 18 states in the USA.

But, just as important, are the people.

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— Easy withdrawal, no penaity
10.00 BankSave, 8stance of £2.500, Current account, Balanta under £2.600, 9.00, f.limmum hittal investment £500
10.00 Gold account, Wilnimum investment £500, Imm. wdl.
11.00 Pomiter 1, yeerly, multy, min. £1.000, Imm. wdl. (pen.)

10.00 Instant gold. Annual int. No notice or penalty of 10.75 3-yeer bd. 50 days not. pcn. Differental 2.5 gueranteed 11.00 Capital piez Clq.000+. Annual int. 60 days not. pen.

10.00 2-year term shars—£1.000+—3 months' notice 10.10 Special Invest. (28 days' notice) 10.10 monthly inc. a/c

10 00 No notice, no penalty. £1,900+ 11,00 3 months' notice without penalty. £5,000+

9.50 Plus eccount £1,000+. No notice. No penelty 10.30 £20,000+. 10.10 £5.000+. 9.90 £1,000+ 7-day notice Trigle Sonus. Also menthly income 11.00 Speciel 3-menth account, £5,000+. 3 months' no

10.80 90 days' notice 10.80 90 days' notice or penalty if balance under £10.000 10.05 Extra share, £5.001 + 10.30, 20 days' notice 9.30 Guarantees rate 2/3 years (or variable account)

11.10 Immediate withdrawal interest pen. or 3 months' notice 10.75 Gold. No notice. No panetres. £20,000+, 10.75. £500-£19,999 ;10.25. Under £500, 8.25

10.00 7 days, 10.00 1 month, 10.25 2 months, 10.85 3 months 10.25 3 months notico—no penalty—monthly income 9.95 7 days notice immed, access for amounts over E5,000 11.10 3-year bond E1,000+, close 90 days notice and panalty, monthly income option, guaranteed 2.95 differential 10.75 Moneymakar £20,000+, 10.50 £5,000+, 10.25 £1,000+, instant occess no penalty, monthly income option 11.00 2 years, 3 months notice, 10.75 monthly income 10.80 90-day account, instant access for balances over £70,000 10.00 cold star £1,000+. No penalties, No penalt

10.03 Gold ster £1,000+. No notice. No penalties. Monthly interest £5,000+, 10.50 if added to account

10.80 69-day account (no notice account 9.80-10.00)
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9.75 Instant Xtra. Immediate withdrawal no penalty
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10.80 1-year certain minimum £500 monthly intome £5,000 9:30 7-day a/c, 10.85 Magnum a/c 6 weeks ± loss of interest 10.50 Super share, no notice, 14 days' pen. £2,000 minimum 11.40 Super share, no notice, 14 days' pen. £3,000 minimum 10.50 high flyor, no notice, no penalty, £5,000 minimum 10.75 Migh flyor, no notice, no penalty, £5,000 minimum 10.75 Migh flyer, no notice, no penalty, £20,000 minimum 11.00 Monthly interest, 10.25 28 days' notice or penalty, nother if £10,000 dull in account 10.75 Limited edition £5,000 3 months' notice or 90-day pen. 10.25 MRAS 3 mths.' not., 10.00 Liq. Gold no pen./no notice 55001 immediate withdrad, no penalty, 10.75 Lip.000+

8.60 £500+ immediate withdrwl. no penalty, 10.75 £10,000+ minimum 1 year, 10.25 £2,000+ minimum 1 year

10.25 60 days' nooco or imm. wdl, no penalty it bal. £7,500+11.00 Prestige £10,000+ 2.75 gtd. 3 yrs. 3 mtls.' notice/pen. 10.75 P. £500-£9,999 2.5 gtd. 3 yr. 3 m. not./pn. M. inc. £1,000

10.75 P. 1500-25,359 2.5 gtd, 3 y, 3 m, nor./ph, M, not. 17,000 8.90 EX., 10.00 EX.+, 10.10 E10K+, 10.25 E20K+ 10.55 90 daya' notice, no penalty, † £1,000+ 10.75 APEX 3rd iss. (+2.50 gtd, 3 yrs.) 60 days' notice/pen. 10.75 Spacial ahare 60 days' notice/ponalty unless £10,000+ 10.25 Morey man. £10,000+. No notice, no penalty

10.75 Capital bonds, 3 years, 90 days' notice/ponalty 10.76 Bonus-90 C20.000+. 90 daya' notice/penalty 10.50 Bonus-90 £10.000-£19,999, 80 daya' notice/penalty 10.55 Bonus-90 £00.002,999, 90 days' notice/penalty 9.75 Double bonus, minimum £500, no notice/penalty

70.25 50 days notice, a.75 / days include. On dappare arrangement 10.75 Moneyspinner plus £20,000 or more, instant access 10.25 Moneyspinner plus £10,000 or more, instant access 9.75 Moneyspinner plus £500 or more, instant access 9.75 Moneyspinner plus £500 or more, instant access 10.00 Moneyspin

9.80 7-day ahare/monthly income option 10.00 on £10,000+9.90/10.40 immodiate withdl. if over £2,000, Monthly income 10.85 ps "85" shares—85 days' notice—monthly income 10.85 Floai-plus, Minimum £500. No notice, immodiate withdl, 10.65 Promism. Minimum £500. 2 months; notice, No pen, 11.20 5-year, 11.00 3 year, 10.85 90-day, 10.25 30-day 10.55 3 months, 10.25 6 months, 10.10 28 days, 10.00 im, ac, 10.55 3 months, 10.25 6 months, 10.10 28 days, 10.00 im, ac, 10.55 3 months, 10.25 6 months, 10.10 28 days, 10.00 im, ac, 10.55 3 months, 10.25 6 months, 10.10 28 days, 10.00 im, ac, 10.55 3 months, 10.25 6 months, 10.10 28 days, 10.00 im, ac, 10.55 3 months, 10.25 6 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.25 6 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.25 6 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.25 6 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.25 6 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.25 6 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.25 6 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.10 28 days, 10.00 im, ac, 10.55 1 months, 10.10 28 days, 10.10 28 days,

10.45 Over 55's no penalties M.I., minimum £250—10.15 10.80 Sovereign £10.000+ instant accass—no penalty 10.30 Sovereign £500-£9.999

8.50 7-day, 9.90 Sussea High, 10,75 90-day 10,20 3-year term. Other accounts available

8.25 9.25 10.15 Diamond key, 26 days' notice or 28 days' penalty
11.05 Platinum key, 60 days' notice or 60 days' penalty
All these por cent rates are after basic rate tax liability has been settled on behalf of the investor

9.75 Primo-no notice, no penalty, minimum £500 9.75 Manthly income shares, 28 days' notice 12.77 Capital, 90 days' nonce/penalty

17.00 2-year term. Notice accounts with monthly income option 10.50 90-day, 10.25 28-day

11.00 2-year term £10,000+, 10.75 £500-£9,999 withdri, svall. 10,75/7,00 Moneywisa cheque/Viaz. Int. varies with balance 10.75 Super 60 1-year interest £500, wdl. svallable, orth./inc.

#### **UK NEWS**

Arthur Smith reports on a change of mood in the West Midlands

# Industrial heartland warns on recovery

INDUSTRIALISTS in the West rether than increase jobs. Unem-Midlands, Britain's manufacturing ployment, in a region with a level of heartland, have a clear message for jobless rivalling the worse of the de-Just as we believed we had come the Government the economic upturn sopears to have peaked, may rise.

be faltering, and action is needed. The change of business confi-There is widespread derision of dence is noted by Mr Eric Swain-the arguments put forward by Mr son, managing director of IMI, the chequer, in rejecting the plea from the Confederation of British Industry (CBI) for a cut in interest. try (CBI) for a cut in interest rates of grants now that the region has and an easing of the value of ster-

We are the people placing and some qualms, some unease. The receiving the orders. We can see year started quite well but, looking what is happening now," insists Mr Colin Perry, the chairman of the CBI West Midlands council.

"Industrialists are concerned that growth may be coming off the top. We don't want the Chancellor to wait until we are into another downturn. His optimism is based on historical statistics, rather than what is happening in the market-

The Midlands, traditionally regarded as the barometer of economic activity with its concentration of 14,000 manufacturing companies, has recovered only slowly from a recession which swept away 300,000 jobs and whole chunks of its metalworking, engineering and automotive industries.

Improvement has been gradual over the past 18 months. "It's been gradual and bloody hard going," says Mr Jim Cran, the CBI regional

Until a month ago, he was reporting with optimism a continued strengthening of orders in the home market. There was a steady, albeit marginal, increase in output and a measure of success in fiercely competitive export markets.

The recovery was from a low base, very patchy, with wide varia- against its main competitor, West tions between companies and sec- Germany. tors. But the confidence was real. That mood has changed in recent

"I don't think it was ever euphoria." says one top director. "But there was a tendency 12 months ago for everybody to breathe a hig sigh and say, thank God we have

Discussion at the last meeting of the CBI regional council indicated the West Midlands have pot their that the upturn might already have houses in order and become leaver peaked. It might be merely a pla- and fitter. If the Government thinks tern. But one large company com- it can get more, it will only induce mented: "The boom is over and we anorexia." are now quietly sliding down

to the next six months, there must be more doubts than there were just 12 months ago," he says.

· He attributes the change to a combination of rising inflation and high interest and exchange rates. He points to complaints that the Chancellor raised interest rates to protect the pound but now argues that pressure on profit margins will encourage companies to moderate wage awards.
There is a feeling among indus-

trialists that they are at the end of the line again and expected to do

everything.

That is a viewpoint expressed by
Mr Alistair McWilliam, managing
director of the Armstrong Engineering group of companies, engaged in everything from metalworking, pressings and fabrica-tions, through to sophisticated cooling equipment.

The Government panicked by putting up interest rates and now we have got the worst of all worlds." His company had rationalised, cut the labour force by 40 per cent to just under 1,200 and raised productivity. But it was now constrained from the expansion it sought by high exchange rates, particularly

"We lose both ways from a strong pound. On the domestic front the competition can undercut us; on experts our margins are cut to noth-

mg."
Mr McWilliam, like many other industrialists, thought the high interest rates were a short-term

The majority of companies in

The changed business climate, linked as it is with interest rates, Mr Perry says orders for the next must have an impact upon invest-few months are distinctly thinner... ment in a region where already More companies expect to reduce much of the spending is to raise

velopment areas, will continue to rise.

The change of business confi
The change of business confiwe are going to be forced to have a long hard look," says Mr Norman Birch, managing director of the UK subsidiary of National Standard of

plies various types of wires used throughout industry, but 60 per cent of output is exported. "We are an international company operating in international markets.

turn of the year to a bearish view."

terest rates.

same impact on our profits as douhling the wage hill."
Mr Alan Carter, chairman of Hi-Ton International, a private engineering company in the Birming money that would improve our

cause of the cost of borrowing. profitable on an annual turnover of

"I have invested in all the things Mrs Thatcher would want me to do. I have invested in new machinery. new technology, new products and new people. Now her Chancellor tells me all I have to do is hold down wages to get hig profits.

son has no conception of the invest-

new product through from design prototype and production before

His customers had shortened lead times to reduce working capibusiness? These are decisions we

have to take every day."

The burden of high interest charges inevitably weighs heavily

His company, with a turnover of about £25m and 450 workers, sup-

The strength of sterling against other European currencies, especially the Belgian franc - Belgium is the main competitor for National Standard - was a serious constraint, "I have moved from a bullish view of our prospects at the

He has written to Mr Lawson about the Chancellor's comment that companies should restrain wages rather than seek cuts in in-"I pointed out that a 10 per cent

appreciation of sterling against European currencies would have the

ham suburbs, argues that business opportunities are available but in-vestment is not taking place be-

£3.7m with 130 workers.

Mr Carter argues that Mr Law-

ment and working capital needed hy manufacturing industry. "It costs a lot of money to bring a

you start to get a return."

tal: "Do I carry stock or run the risk of being caught out and losing the

upon these survivors badly mauled by recession - their successful re-

Sir Arthur Bryan: Urges

4% interest rate cut covery is vital to employment prospects. One such is Benjamin Priest, a traditional engineering and metalworking company.

Mr Chris Walliker, the chairman,

was brought in after the company went to the brink of receivership 18 months ago. Along with fellow directors he put in some of his own money under a capital reconstruction. Loss makers have been cut out and the workforce reduced from 1.750 to 1.300. A pre-tax profit of £361,000 was reported this month. For Priest, with an overdraft of

£3m, every percentage point rise in interest charges cost about £30,000 money that would improve our cashflow and profitability and enable us to look positively at new investment," Mr Walliker says,

The continued squeeze on exports He had had to fight hard to stay is highlighted in the latest business confidence survey by the West Midlands Chambers of Commerce, which tends to represent smaller companies, Performance on both overseas orders and deliveries dete-

> Mr Roy Fellows, chairman of the group, maintains that the strong recovery in the value of the bound is an important factor inhibiting growth. He points out that 73 per cent of the companies surveyed highlighted lower interest rates as the single most important factor in

improving prospects. "Interest rates have been far too how to run our business without the high for far too long," says Sir Ar-help of government. But on interest thur Bryan, chairman of Wedg-rates and the value of sterling we wood, the pottery company with 60 are at the mercy of outside forces. per cent of its sales overseas.

interest above those of our major terms." competitors in Japan and West Germany, we shall continue to have gently needed: "It's no use the

ahead of yesterday's % s percentage point cut in interest rates, for a two point fall. "I am for 4 per cent," be declared. Wage increases out of higher profits were correct provided they were backed by higher

productivity.
"I support such increases for people who have worked hard to become competitive and create profits. It is their expectation and their right and they should be rewarded."
However, the idea that increased
profits might provide the cushion to
offset inflated wage deals is treated with derision in a region which, from being the pacesetter on pay, has become a model of restraint in

recent years. Recent settlements have been running at around the 6 per cent level but. Mr Cran insisted, they are usually backed by productivity advances: "Pay is not a problem in

this region."

Indeed, some trade union leaders will confide in private: "Management can do virtually what they like and they know it."

There is adequate evidence of new work practices and companies jutting unit costs to price them-selves back into markets previously lost. But senior managers tend to pour scorn on the Government's arguments that workers can price

Dr Cedric Thomas, chief executive of the engineering employers' West Midlands Association, says the cut in wages would have to be massive to have any impact. He speaks with some experience, having seen membership of his organisation shrink from 1,200 companies to 1,000 in the wake of closures and

mergers.
"Cheap labour is a thing of the past. Companies require flexible and skilled workers upon which to build a future," he argues.

There is undoubtedly a mood of Irustration with the Government among industrialists. But Mrs Thatcher's "hands off" approach to industry meets with favour.

Typical of the comments is that hy the chairman of one of the Midlands hig companies. We know All we want is to be allowed to com "As long as we have real levels of pete internationally on equal

Mr Perry insists that action is ur-Chancellor sitting and waiting until He maintains that the CBI has be has the statistics in his hands been going too gently. In its call, that prove we are right.

# **Bank of Scotland Base Rate**

9.00

8.90 8.25

Bank of Scotland an nounces that, with effect from 16th July 1985 its Base Rate will be decreased from 12.50% per annum to 12.00% per annum.





Coutts & Co. announce that their Base Rate is reduced from 12.50% to 12.00% per annum with effect from the 16th July 1985 until further notice.

All facilities (including regulated coosumer credit agreements) with a rate linked to Courts Base Rate will be varied accordingly

to seven days' notice of withdrawal are as follows:-8.75% per annum Gross\* 6.625% per annum Net (the Gross Equivalent

The Deposit Rates on monies subject

of which is 9.46% per annum to a basic rate tax payer). Rates are subject to variation and

interest is paid half-yearly in June and December. \*Not ordinardy available to individuals who are U.K. residents

440 Strand, London, WC2R 0QS

# **Base Rate**

Williams & Glyn's Bank announces that with effect from 16th July 1985 its Base Rate for advances is reduced from 121/2% to 12% per annum.



# Williams & Glyn's Bank plc

A member of The Royal Bank of Scotland Group plc

# **Base Rate**

With effect from the close of business on 15th July, 1985 and until further notice TSB Base Rate will be 12% p.a.

Trustee Savings Banks Central Board, PO Box 33, 25 Milk Street, London EC2V 8LU.

# Barclays Bank Base Rate.

Barclays Bank PLC and Barclays Bank Trust Company Limited announce that with effect from 15th July 1985 their Base Rate was decreased from 121/2% to 12%.



Reg. Orfice: 54 Lombard 5t., EC3P 5AH. Reg. No's 1026167 and 920880.

# Standard Chartered

announces that on and after 15th July, 1985 its Base Rate for landing is being decreased from 12.50% to 12.00% p.a. until further notice.

The Deposit rates on moneys subject to soven daya' natice of withdrawal are as follows:

9.00% per annum for funds not liable to CRT
6.73% per annum for funds liable to CRT
(equivalent to 9.61% per annum to a standard rate

The Interest Rates payable on High Interest deposit accounts subject to twenty-one days' notice of withdrawal are as follows:
10 CC<sup>2</sup>; per annum for funds not liable to CRT 7.46<sup>2</sup>; per annum for funes liable to CRT requiraling to 10.69<sup>2</sup>; per annum to a standard rate taxpayer).

Standard & Chartered

# *irobank*

National Girobank announces that with effect from close of business 15 July 1985

**Base Rate** 

its base rate was reduced from 12½% to 12% per annum

10 Milk Street LONDON EC2V 8JH

# **Hill Samuel Base Rate**

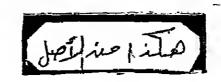
With effect from the close of business on 16th July, 1985, Hill Samuel's Base Rate for lending will be decreased from 12.5% to 12% per annum.

**DEMAND DEPOSIT ACCOUNTS** Depositors not liable to deduction

for basic rate tax 8.5% per annum gross Depositors liable to deduction for basic rate tax 6.35% per annum net 9.07% per annum gross equivalent Interest to be paid quarterly and rates are subject to variation



Hill Samuel & Co. Limited 100 Wood Street, London EC2P 2AI.



#### **UK NEWS**

# More ballot to join breakaway miners' union

BY JOHN LLOYD, INDUSTRIAL EDITOR

MOVES TOWARDS the fragmentation of the National Union of Mine-workers (NUM) were further other groups, including the staff strengthened yesterday when the group, Cosa, would draw close to his executive of the 3,000 Derbyshire breakaway union. mineworkers voted to explore a breakaway from the NUM with the now independent Nottinghamshire NUM. It will hold a ballot on a split

Mr Ken Toon, general secretary of the South Derbyshire NUM area, said: "It is a sad day but we have

had enough."

The Nottinghamshire area, the majority of whose miners chose to work during last year's national strike, broke away earlier this month in protest at rule changes agreed at the annual NUM confer-

Other mining areas may now follow the same route as South Derbyshire. Mr Jack Jones, general secretary of Leicestershire's 2,500 miners, said his executive would probably endorse a split with the NUM when it meets next month.

"We have now seen the whole Mr MacGregor would take the decirule book practically rewritten sion responsibly. Referring to a which despite assurances to the weekend call for miners unity by contrary, means that the membership of this union can he called out on strike without any individual ballot votes," he added.

Mr Roy Lynk, leader of the Notts

"My impression is that men will breakaway in other areas like Yorkshire on a pit basis, or perhaps small groups. Our aim is to set ourselves up as the democratic union for mineworkers." Mr Lynk said he had not ruled out merger with other unions outside of the mining indus-try. The Notts union is a member of Mainstream, a grouping of right-led

 Any decision about whether to negotiate with the new union was a matter for Mr Ian MacGregor, the National Coal Board (NCB) chairman, Mr Peter Walker, the Energy Secretary, told the House of Com

Pressed at Question Time by Conservative MPs anxious to see the Notts men in early talks with the NCB, Mr Walker said he was sure Mr Neil Kinnock, the Labour lead er, Mr Walker said disunity had been caused by Mr Arthur Scargill, the NUM president.

#### Analysts' ratings revised

EXTEL, the business information group which this year took over the production of an annual survey of UK investment analysts from Continental Illinois, mistakenly divided the votes for the Hong Kong-based stockbroker Wico under two names, pushing it down the ranking. Extel is to revise the survey, which was published in the FT last week.

Wico, which was sold by stockbroker Carr Sebag to Erco International in 1982, is also known by its former name WI Carr Sons and Co (Overseas): In recent surveys it has had a strong reputation in the Far Eastern sectors among the invest-ment managers whose votes make

up the annual ranking. In last year's survey Wico ran a close second to Hoare Govett in the Hong Kong sector and came second and third, respectively, in the Japanese and Far Eastern sectors. In

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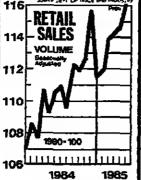
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this year's Hoog Kong rankings WI Carr (Overseas) is listed third, behind Vickers and de Zoete & Bevan. However, if those who voted for Wico are included the group emerges top of the poll.

In the Japanese sector, the combination of the two listings puts Wico second behind Vickers, compared with third and fourth place, and in the overall Far Eastern rank ings the combined vote puts it first, rather than fourth and fifth.

 Last week's report stated incorrectly that Scrimgeour Vickers ranked third, had been rated only as "good" by fund managers, rather than the "very good" rating it actu-ally received along with James Capel. Phillips & Drew, which was ranked second after James Capel, was rated as "good" along with five other teams of stockbrokers.



# Peak for retail spending in quarter

SPENDING IN shops and stores reached a record level in the second quarter after a subdued opening to the year.

Provisional figures yesterday showed a substantial rise in the volume of retail sales in June to an index value of 116.1 (1980 = 100) in volume terms. The previous high was 115.6 last December.

This was 1.3 per cent higher than the index for May and pushed the second-quarter average to a level 2 per cent higher than thet for the first three months of the year and 4% per cent higher than for the same period a year ago.

☐ BORG-WARNER'S automatic transmissions plant in South Wales, due to close by next March, is expected to be reprieved.

A new project for the U.S. transmission group's UK subsidiary in-volves intended investment of ☐ PORTSMOUTH and Sunderland

Newspapers has reached an agree-ment with the National Graphical Association, the craft print union, to allow the direct input of editorial copy by journalists. The deal is the first of its kind in Britain. ☐ THE TELEVISION industry - in-

cluding broadcasters, manufacturers, retailers and renters - is to hold a joint promotion for teletext to try to boost flagging sales. ☐ THE IRON and Steel Trades

Confederation, the main steel workers' union, is to urge minimum UK content legislation for all goods made in Britain. **AMERICAN BAR ASSOCIATION CONFERENCE** 

# U.S. 'entitled' to use force against attacks by terrorists

BY WALTER ELLIS AND RAYMOND HUGHES

THE WILLINGNESS of the U.S. to use "appropriate force" in the war against terrorism was acting as a deterrent and having a "moderat-ing effect" on the country's enemies, Mr Abraham Sofaer, legal adviser to the State Department in Washington, told the American Bar Association (ABA) in London, yes-

Mr Sofaer's remarks follow the recent hijack by Lebanese extremists of a TWA aircraft in the course of which a U.S. Marine on board dent Ronald Reagan has since warned terrorists, and the states alleged to support them, that U.S. pa-

tience had run out.
"They had best heed his warning"
Mr Sofaer said. "International law recognises the right to use force in self-defence against the attacks. The groups that are responsible for attacking us in Lebanon, El Salvador and elsewhere have openly announced their intention to keep on

trying to kill Americans.

To the exteot that they are statesupported, or beyond the capacity of their governments to control, we are entitled now to use necessary and proportionate force to end such attacks.

The ABA was debating international collaboration against terrorism in the presence of Mr Leon Brittan, the Home Secretary; Sir Kenneth Newman, Commissioner of the Metropolitan Police; and Mr William Webster, director of the Federal Bureau of Investigation. Mr Walter Mondale, the former U.S. Vice-President, was chairman.

While Mr Sofaer was unequivocal in his views on deterrence and the use of force, he was careful to emphasise too, the use of the law in bringing international terrorism to

part, the need was to develop what we not to ask the media to agree Mr Reagan had called "a better do- among themselves a voluntary code

tration had made important progthe "political offence" exception demands.



Mrs Margaret Thatcher: 'Deny publicity to terrorists'

was eliminated for major crimes such as hijacking and murder.

Mr Brittan wasted oo time yes terday in reminding his audience that those in the U.S. who sent money to Ireland, "which they well know is going to the Provisional IRA," were financing "murder".

Mr Brittan said that Britain was firm in its approach to terrorism. No hijacked aircraft would be allowed to leave Britain. But international co-operation was vital, and in American extradition treaty which has yet to be ratified by the U.S. Senate - would close off a loophole used by fugitives from justice.

Mr Margaret Thatcher, Prime Minister, suggested that the media should agree a "voluntary code of

"We must try to find ways to starve the terrorist and the hijacker of the oxygen of publicity on which President Reagan, he said, had they depend. In our societies we do flatly rejected any improper use of not believe in constraining media, force. While force would play its still less in censorship. But ought mestic and international legal of conduct under which they would framework for dealing with terror- not say or show anything which could assist the terrorists' morale or In this connection, the Adminis- their cause while the hijack lasts?

She was warmly applauded when ress recently by amending its extra-dition treaty with Britain so that ment would not give in to terrorist

# Result of BA's gamble still hard to predict

ly with Judge Greece. Mr Morris

delayed his press conference, await-

No poker player could have asked

ing the outcome.

Greene bad arranged his summer

vacation well in advance. for all the defendants to take their As the ultimate arbiter in the U.S. District Court of Columbia case of cluding most especially British Air-dants' approach and BA had mao-talk of a breakthrough might have ways (BA) - Judge Greene's deteraged by Thursday to persuade even suggested. mination to close shop at the end of the fainter-hearted defendants that last week concentrated many minds the risk was worth taking.

den and rather scrambled ending to away to fight again another day, put it no more strongly, to see him a series of final, final talks which The threat of action by Lonrho, a had faltered on the brink of an out-joint venture partner with Sir Fred-Laker while at the same time help-

The last-minute rush to beat the compounded the danger as some of is thought to have been less than judge's holiday deadline spurred the 10 airlines among the defended with the treatment meted state-owned BA and its 11 co- dants saw it. defendants in the case into taking a bold gamble.
In a sense, it has already paid off

handsomely; but in other respects, the outcome is still hard to predict. compli. The paperwork took until What happened on Friday and its the early hours of Friday morning. to act on Lonrho's behalf. longer term consequences could yet Hours later. Judge Greene gave his Sir Freddie could then join forces

anti-trust defeoce, had insisted dations in UK legal history.

throughout on an all-or-nothing set—
Then an unexpected thing hapthroughout on an all-or-nothing setcivil suit seeking damages of it clear they were under instructions and \$1.1ho, but also with Sir Freddie tions to settle the score with Mr ments. Laker himself and Mr Robert Beck- Beckman over costs without further posal was tabled by BA on May 8. As the world knows, it was not a simple deal to strike. In fact, with Sir Freddie and Mr Beckman turnwas beginning after eight weeks to dealt for Mr Beckman. Having playlook impossible. BA therefore de- ed his hand consummately from the cided last week to try skinning the beginning of the whole affair - incat a different way.

Lord King, BA's chairman, and Mr Colin Marshall, its chief execu- did not fail him at the last. BA's tive, called on Mr Nicholas Ridley, \$8m offer went into the waste paper the UK Transport Secretary, on basket and Mr Beckman emerged Tuesday evening. It was decided to with legel fees of \$12\%m. But what abandon the compehensive settle- BA and its co-defendants secured in ment - valued at \$64m, to toclude exchange has been kept a secret.

vate bargain on the side, moreover, BA's gamble will doubtless be BA would indemnify Mr Morris judged a shrewd move.

IT WAS a blessing for all concerned, perhaps, that Judge Harold tract with Mr Morris.

ment's avowed hostility to the Lonrho claim - could begin to think rho claim - could begin to think BA calculated that, with Mr Mor- again about a firm schedule for ris satisfied, it would be reasonable privatisation.

Alternatively, the outlook for the chances with Sir Freddie and Mr Government, BA and at least some Laker Airways v Pan American Beckman, Judge Greene oppeared of its co-defendants could yet be a World Airways et al - the 'al' in- to be sympathetic to the defen- little less sanguine than Friday's

Mr Beckman is reported to have given no promises as to his future wonderfully.

The risk, that is, that Sir Freddie attitude. Some U.S. lawyers privateThe result on Friday was a sudand Mr Beckman would only run by suggest it would be surprising, to pursue new anti-trust actions over of-court settlement to the Laker anti-trust action since May 8.

The last-minute rush to beat the compounded the danger as some of the compounded the comp out to Sir Freddie by the BA deal

When Mr Morris arrived in Wash- with Mr Morris. ington on Thursday, anyway, the lawyers on both sides appear to have served up a virtual fnit ne- and there are lawyers in Washington who fully expect Mr Beckman

overshadow BA's privatisation blessing and Mr Morris walked with them. It is unclear what plans for some time to come.

away, able to announce the end of access, if any, they would have to BA, always the architect of the one of the most successful liqui- the documents accumulated by the court over Mr Morris's suit. But Mr Beckman on the prowl again is extlement This meant a deal not just pened. With the ink on the \$48m artly the spectre, as one U.S. counwith Mr Christopher Morris, the deal scarcely dry, according to one sel put it last month, which was Laker liquidator and plaintiff in the close observer, BA's lawyers made "petrifying" some of BA's co-defend-"petrifying" some of BA's co-defend-ants ahead of last week's develop-

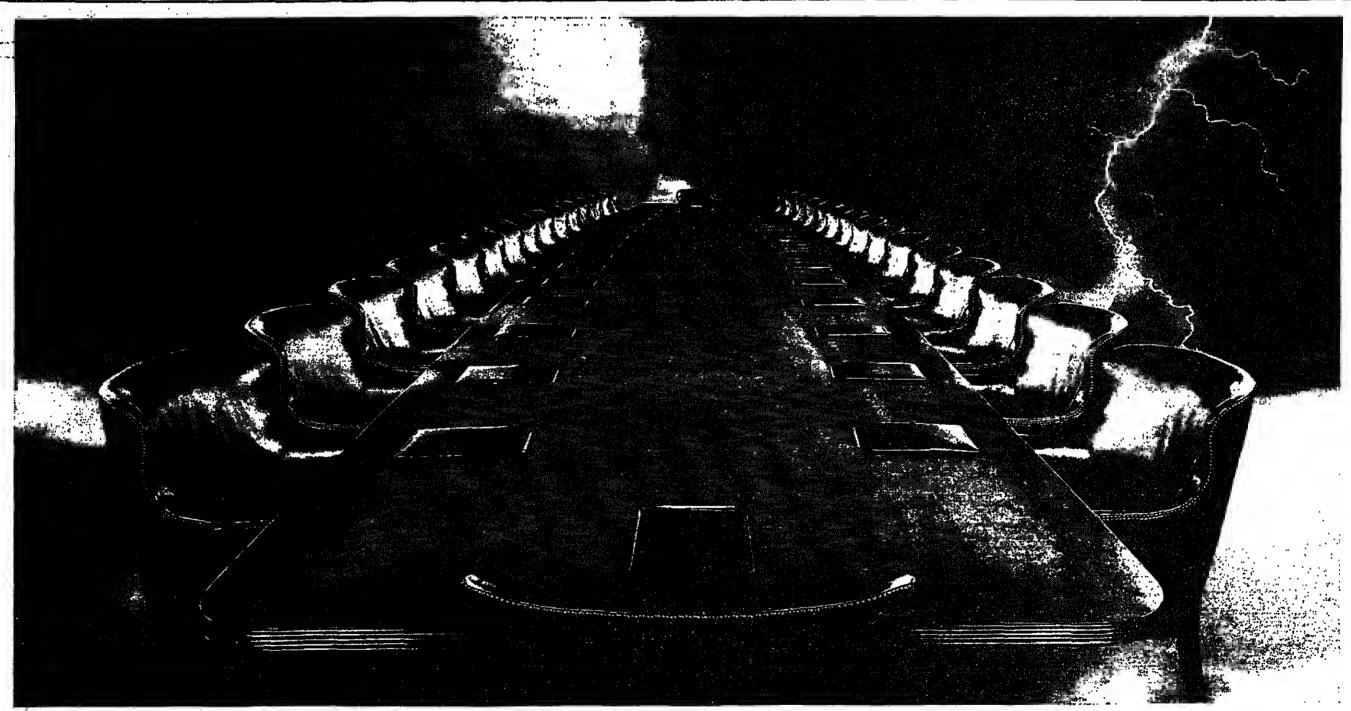
Ultimately for BA, of course, the man, his U.S. lawyer. A formal pro-delay. The two parties met private-real issue must focus on the reaction of investors in the City of Loohope is that Sir Freddie and Mr Beckman will sooner or later rest ing down offers of \$8m apiece, it for better cards than were now their case in the coming weeks, leaving BA to sort out the remaining U.S. class actions over Laker's

> sisting since May that the lawyers It is thought this could be done in were eotitled to \$60m - his nerve time for BA to be privatised between early December and early February - with Lonrho making an unwelcome guest appearance in the sale prospectus uoder the balance sheet footnote headed "Cootingent

liabilities."
The UK Department of Transport S48m for Mr Morris on behalf of If the agreement has won a set The UK Department of Transport Laker's creditors — and to go in- cret undertaking from Mr Beckman and Hill Samuel, BA's merchant stead for a separate deal with Mr not to pursue fresh litigation, and if bank, have yet to weigh up this Sir Freddie decides before August prospect. Any such liability could This would give him the \$48m al- 20 to accept the \$8m left on the well look tame beside other contin-ready envisaged. In a critical pri- table for him until that date, then gencies affecting BA's profits.

There must still be room for a nasty surprise in the coming weeks. against any claim for costs by his
Lonrbo's threatened action would
No one would accuse Mr Tiny Rowlawyer - Mr Beckman, wearing another hat - who was seeking costs

Lonrbo's threatened action would
No one would accuse Mr Tiny Rowland, Lonrho's chief executive, of
being too predictable.



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So if you find the business climate stormy, contact your nearest First Interstate Bank, Ltd. officer. We've done something about the weather.



# Middleshorough

A collapse of the region's economy has left it with the highest unemployment rate in the UK. But it has an armoury of benefits and much to sell



# Attack on mountainous problems

By Nick Garnett

FROM THE top of the small parkland on the Riverside Industrial Estate which stretches along the south hank of the Tees, the view upstream and down encapsulates the dramatic and frequently painful upheavals of Middlehrough's recent manufacturing past. a range of initiatives by the borough and county councits. These are designed to encourage on a small scale the growth of an entrepreneurial ethic largely itl-developed in an area dominated by hig production sites, to attract inward investmena through the marketing of newly cleared and serviced land, and to bolster Middlesbrough as a white collar emptoyer.

The task is mountainous and has not been helped in the view of many local planners, politi-

Up the river on the north hank, just outside the borough, the struggting ICf complex ar Billingham is a testament to the regional development money pumped into Teesside during the 1980s. Down from ICI the stip-1960s. Down from ICI the stip-ways of British Shiphuilders' Haverlon Hill shipyard lie defunct. Victims of the corpora-tion's contraction.

Directly opposite on the south bank, a tiny clutch of new hulldings house some manufacturing and service companies attempting to fill the yawning gaps left by the almost total demise of Middlesbrough's steel industry in the old Iron Masters

Further downstream more positive signs of activity are visible in the shape of the massive fahrication sheds and other facilities of Cleveland and Redpath offshore, Whessoe, ITM and Davy Offshore, the largely offshore-orientated engineering sites that have brought new manufacturing activity to this stretch of the Tees.

Looking southwards from the parkland, the office blocks and copping precincts of Middlebrough's central area stand out in the urban landscape, a sym-bol of the way the town has deliherately gone out to shoutder a bigger role as Cleveland's principal retail and services

at the heart of a county which has the UK's bighest unemploymeot rate (having just out-stripped Northern Ireland's). johs and the lack of them make up the higgest single issue.

An official ucemployment rate of 23.6 per cent—a whisker under 30 per cent for males is the overriding motivator for a range of initiatives by the

of many local planners, politi-cians and husinessmen by government financial cutbacks. The borough council complains, The borough council complains, for example, that this year it has just half of last year's £16m to spend on tackling the town's bousing prohlems as part of its eovironmental improvement programme. This programme has already made major strides in making Middlesbrough more attractive.

attractive,
"The economic base has collapsed at a rate that fook us by surprise," says Mr John Foster, the borough council's chief executive.

Though surrounded by the large ICI manufacturing sites at Billingham and Wilton and the British Steel ironmaking site at Redcar the town of Middleshrough itself has gone through a period of such traumatic employment shrinkage that is is no longer an industrial fown.

The decision of the Conserva-tive Government in 1979 to der a bigger role as Cleveland's tive Government in 1979 to itself broke even.)

rentre.

For a borough of just 150,000

The Government in 1979 to itself broke even.)

Though Middlesbrough is in Much development, though, the centre of a small minimas been small scale. It includes conurhation with Stockion, the setting up of an enterprise

Middlesbrough and for which land had been cleared is seen locally as a minor disaster. 'inis would have been a longterm jobs bank for the young in a town where there are 3,750 people under 20 either unemployed or on youth training schemes but only four notified joh centre vacancies. Just as important, it would have accelerated the change in employment structure and enlarged the town's small middle class. Middlesbrough's

non-manual workforce forms 28 per cent of the total, against 41 per cent nationally, while semi skilled and unskilled are proportionately higher than the national average.

Miodlesbrough planners have much to sell, including good roads, Teesside Airport with regular services to UK and conregular services to UK and continental destinations and Tees Dock, which with Hartlepool under the Tees and Hartlepool Port Authority is Britain's third largest port system in terms of tonnage and made a £7.2m profit last year. (Tees Dock treat broke aren.)

Thornaby and the Langbaurgh borough, it is also a short drive from the magnificent countryside of the Clevetand hills and North Yorkshire moors with beautiful villages like Stokesley and Great Ayton.

the zone's houndary. "We need a hreakthrough in attracting e firm in a key industry," says Mr Les Southerton, the borough's Assistant Chief Planning Officer, One bopeful development has been the opening of a Cadcam centre with 20 associated units, partly attracted in the hope of associating the area with new technology.

the Cleveland Co-operative Agency, aided by the county council and supporting small co-ops, including a river boat service; and the Cleveland Technology Support Group which aims to he self-support

Stokesley and Great Ayron. Using Captain Cook's hirthplace at Marton, Middlesbrough, this natural beauty is being marketed as a tourist centre with heritage trails.

Much of the council's marketing, though is centred on the 190 acre Britannia Enterprise Zone designated two years ago, and development area financial assistance. A managing director is heing sought for a new local

Zone designated two years ago, and development area financial assistance. A managing director is heing sought for a new local development company to market Britannia, which includes most of Riverside Park, following a report by merchant bankers Hill Samuel who with English Estates, the Trustee Savings Bank and the horough Council have formed a kind of enterprise partnershlp.

A dehate is under way on what to do with an 850 bectare slice of the south hank area, including part of Langbaurgh and the defunct Middleshrough and the defunct Middleshrough Dock, and now the subject of a Graham Moss Associates marketing report due in Cotoher.

No one doubts the enormous difficulties. A number of Gambi panies have moved joto the enterprise zone but most, like food manufacturer Newboulds, have just relocated from over the zone's houndary. "We need a hreakthrough in attracting e firm in a key industry." says and everyone is aware that

of Cleveland are mountainous and everyone is aware that high unemployment will remain for the foreseeable future. for the foreseeable future. Some cautious long term optimism still survives however. "We need to replace the industries we have lost," says Mr Tom O'Connor, CBI Regional vice chairman who works in Stockton. "I believe we can do this. We have to work out our strategy and sell our skills hard."

ICI's Wilton works at Billingham, the UK's biggest petrochemical site and stilla dominant employer in the area

# Jobs fragility underlined

LOCAL AUTHORITIES in and around Middlesbrough are the first to admit that the results of their promotional work to create jobs are very small when contrasted with the jobs gap of about 50.000, created by the great losses of employment.

losses of employment.

These shifts have included the closure of Eritish Steel's Ayrton works, redpath Dorman Long's Britannia site (once part of BSC). the Ryland's Whitecross wire works. John Collier clothing factory and GEC's Strowger exchange plant.

In the neighbouring dis-

plant.
In the nelghbouring districts of Stockton and Langbaurgh, 14 other plant closures in 10 years have involved hig names like Head Wrightson, Shell, Renold chains, Swan Hunter and Rohm & Haas,

One growth area that the borough's consultants have latched onto as a target for Middlesbrough's promotors is offshore work. Five com-panies in this field operating within the town currently employ together 2,499.

ITM, whose founder Mr Alf Duffield is a local man and chairman of Middlesbrough Football Clinh is starting its tenth year and has carried out a range of work inclinding the production of Grimsby's dock gates, Cleveland Offshore and Redpath Offshore, both part of the Trafalgar group, have attracted considerable new investment. Davy Offshore was set up in 1983, partly through the activities of six people set up in 1983, party through the activities of six people who left Press Production Systems on the Tyne. Whessee makes up this group and claims to have the lar-gest site with the greatest waterfront.

Other manufacturers in Middlesbrough include hosiery maker Meridian (part of maker Meridian (part of Courtanids), Dannimae and Lionweld, an engineering company which makes the "Dalias boot."
However, despite the big joh losses over the past 10 years at BSC (from 25,000 to

7,200 in Clevelan2) and ICI (from 25,000 to 14,500 in the country) these two still have country) these two still have a dominant employment role. British Steel has a hig ironmaking and raw material offloading site at Redear, the Lackenhy works, in which £18m has recently been invested, and the Skinningrove special sections works.

Wilton is ICI's higgest UK petrochemical site. Billingham is the centre of the company's agricultural division where major strides have been made in hiotechnology. These developments include the world's only commercial

the world's only commercial scale plant producing single scale plant producing single cell protein (known as Pru-teen): Biopol from which plastics can be made and myco-Protein, a micro-organism hased food being produced by Ranks Hovis McDoncall. produced by Ranks Hovis McDongall. Underlining the area's em-

ployment fragility, however, ICI shop stewards are worried that another 1,200 job losses might be on the way in Cleve-

# High Tech Zone

The new CADCAM Centre, the first of its kind in Europe, is fully operational. Companies are now plugging into the high tech facilities, and taking advantage of the CADCAM accommodation units offered to associated users.

# Offshore Operations

Millions are pouring into offshore activities on the River Tees. Both the establishing of an Oceanology site and the advent of the new North Sea fields adjacent to the river are resulting in Middlesbrough becoming a major gateway to offshore operations.

# U.K.'s No.3 Port

Versatile, efficient and handling over 30 million tonnes per annum, the port is one of the country's leaders. It is now also the Northem import centre for forest products.

# Maximum Benefits

Middlesbrough offers an unbeatable package of incentives. In addition to the Britannia Enterprise Zone, which includes a nine year free rate period and 100% capital allowances, etc., it also has Development Area Status, EEC aid and Local Authority incentives.

Most areas claim good communications, good airport, good sites, factories, and good living. Middlesbrough claims it can beat them all. We would simply welcome the opportunity to prove it. Write to A Noble, Chief Economic Development and Property Officer, Vancouver House, Middlesbrough TS1 1QP, or telephone Don Brydon, Industrial Development Officer, on 0642 222279.

# Middlesbrough has got it right -for you

# EEC cash for revival sought

AS SOUTH TEES iron and steel production has rationalised and moved downstream, so the smaller industries which relied on them for orders have also

closed. Yet many of the attributes which drew industry to the area could help bring in a new wave of smaller companies.

The South Tees area stretches from Middlesbrough

town centre in the west to Tees Dock and the BSC Redcar/ Lackenby complex in the east. It has river frontage with deep-water access, a shipyard and Middleshrough Dock, offering potential for a general cargo

The Saltburn/Darlington rail-way line, which runs east-west way line, which runs east-west through the centre of the area, carries freight and passengers. The area also offers sites for a wide range of industry.

The Britannia Enterprise Zone is an example of what can be done. Nearer the river's mouth, levelled areas of grass, trees and some have started to

mouth, levelled areas of grass, trees and scrub have started to hreak through the decay.

But some of the money spent indicates the scale of the task. The county council pald £490,000 for Cargo Fleet Wharf, hecause it had been zoned for inductival use in the structure.

hecause it had been zoned for industrial use in the structure plan. Survey costs were £30,000; some £139,000 was spent on demolishing part of the wharf; predomilition costs were £108,000 and the main reclamation works will cost £350,000. It was considered a valuable site because of the deep-water frontage, railway line, and new frontage, railway line, and new roads. The council hopes to attract light industry with the 100 per cent government

Much of the South Tees Area, even when levelled, will be suit-able only for use as open space. The heavy factories and mills, when demolished, leave behind them targe reinforced struc-tures and areas of contamina-tion with chemicals which would attack any new concrete foundations.

"Nationally, the emphasis of reclamation has moved from

"Nationally, the emphasis of reclamation has moved from colliery land to urban land, which means less money is available for reclamation." says Mr Alan McCrickard, one of the county council'a group planning officers.

"The costs of acquiring land are greater, the costs of carrying out improvements are greater, but the grants available stay the same. It makes no sense to be using up green

field sites when areas such as this remain a vast under-used and wasted resource.

A study being prepared for Cleveland County Council and Middlesbrough and Lang-baurgh borough councils arms to assess the best use for each plece of land in the South Tees area, and to produce a halanced and integrated plan for the area's development.

The study is being half-funded by the EEC which it is

hoped will eventually provide money towards the reclamation programme itself. It will be one of the first programmes submitted under the EEC's multi-

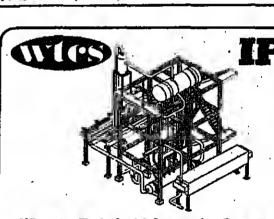
Part I, dealing with highway works, has already been submitted. Local councils consider the absence of road access to the land north of the railway line to be one of the main reasons why much of the derelict land remains

They estimate that £10m needs to be spent on roads across across the whole area. One hridge recently completed to take heavy industrial traffic cost £1m and was funded under the Department of Environthe Department or Environ-ment's inner area programme.
Part II of the study, which is being prepared by land manage-ment consultants. Graham Moss Associates, will detail land reclamation and sewerage works, landscaping and general environmental works.

Part of the consultants' brief is to consider the best ways of co-ordinating development in the area and market reclaimed land to various industrial sectors, such as oil rig servicing and fabrication, high technology companies as well as for non-industrial, commercial and recreational uses. Local coun-cile are discussing the possi-

cils are discussing the possi-hilty of working with property developers to provide advance factory units. English Estates has already done so.
"You need some imagination to visualise what could be done with the area," says Mr Peter Ellis, also from the county planning department. "But you need to temper it with reality.
"The estuary can be dredged to take the biggest ships. With "The estuary can be dredged to take the biggest ships. With the skills that exist in the area, we would be in a good position to benefit from the eighth and ninth rounds in the North Sea. But at the back of everybody's mind is the worry that it may be shortlived. We would need to attract high-tech industries as a spin off from rig and platform building."

Alastair Guild



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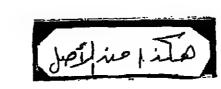
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#### MIDDLESBROUGH 2

Alastair Gould looks at some positive moves to improve prospects in a hard-hit region



Instruction at the Cadcam centre aimed at promoting small businesses

# Bright spot in the decline

Enterprise Zone

MIDDLESBROUGH Enterprise MIDDLESBROUGH Enterprise
Partnership shareholders, incinding merchant bankers Hill
Samuel, the Trustee Sevings
Bank, English Estates, and
Middlesbrough Borough CounMiddlesbrough Borough CounThe Commany's other
The Commany other cil, met formally for the first time last week.

This was the commination of a three-year study by Hill Samuel of the South Bank of the River Tees including the Britannia Enterprise Zone. It produced favourable conclusions on suitability for offshore construction and the possibility of private investment, and

drew up ground rules for the company. E The TSB intends to invest substantially to gain 100 per cent capital allowances, and a general manager will be appointed to co-ordinate devolutement.

The area has already made its mark as a bright spot in Middlesbrough's decline, Where Middlesbrough's decline. Where 100 years ago one-third of Britain's pig iron was produced, now stands 107 factories. Almost al line space has been taken by companies ranging from Redpath Offshore, building accommodation modules for the offshore oil industry, to Newboulds, a look firm making delicatessen meats.

declared, capital allowances and relaxed planning restrictions.

The zone is also a development area, attracting regional assistance, and a steel closure area eligible for cheap EEC loans, Cleveland County Council carr also offer interest relief grants or bridging finance. Middlesbrough council bought 130 acres from British Steel for £250,000 and spent £500,000

19.78

2.00

eliga elist 🧗

11.0

reclaiming the land. It has spent £1.75m on roadworks, sewers and landscaping and a further £500,000 is being spent

on roads.
The remaining 50 acres within the remaining 50 acres within the zone is owned by Trafalgar House. On the Linthorpe Dins-dale site are massive new buildings built to assemble oil

and gas neut modules.

The company's other site comtains 600,000 sq ft of empty fabrication shops where once more than 1,000 men created structures such as the Sydney Harbour Bridge. These will be demolished and redeveloped for companies moving into the English Estates built 27

factories on the council's land before declaration as an enterprise zone and has since con-structed a further 44. These are all occupied and the com-pany is now putting up five larger units, four of which are Woodhead Construction bas

woodhead Construction bas built another nine, all now occupied. There are also 20 small units attached to the CADCAM centre. Since 1963 some 95 companies have moved in and rents range from £1.50 to

Almost all line space has been taken by companies ranging from Redpath Offshore, building accommodation modules for the offshore old industry, to Newboulds, a local firm making delicatemen meats.

They have been attracted by a range of incentives, including a 10-year rates holiday from 1983 when the 200e was

ment grants are also available outside the zone. The council wants the enter-

of Environment) and bopes the new company will be the catalyst for more development leading to a bigger zone.

# Industrial giant helps the young

ICI's position as the largest employer in the UK's area of highest unemployment is increasingly exercising the minds of its managers, personnel officers and trade unionists.

Since 1981, the Wilton petrochemical plant's emphasis has bene on increasing competitive-ness and reducing fixed costs wages by £35m and raw materials and epergy by £50m.

Its workforce bas shrunk from from 10,000 in 1980 to 6,250 this year. Though this has been this year. Though this has been by natural wastage or volun-tary redundancy, "it is e period that none of ns want to go through again." says Mr Nigel Clark, joint site manager. "We tried to do it as humanely as possible."

Personnel managers travelled as far as the Middle East to as far as the middle East to find alternative employment for those who chose not to retire. They found 120 jobs just by rining round all the companies

in Teesside.

"We still need to reduce numbers, but it will be a more gentle glide than the steep drop we had," Mr Clark seys.

The main reason for the reduction et Wilton bas been world overcapacity, particularly in ethylene and propylene, with large crackers coming on stream. large crackers coming on stream at Mossmoran in Fife and in

Capital investment in the petrochemical and plastics division have aso been curtailed because of overcapacity. The main emphasis of expenditure bas been to reduce energy costs, and £43m will be spent convert-ing two of the five boilers at Wilton to coal. However, no

For the rest of the 1980s, the numbers of local people recruited will be small.

"ICI managmeent is becom-

ing more involved in the local debate about jobs," Mr Clark says. "We still aim to run the most competitive site in Europe, but wel have to maintain close links with the community." The company's main involvement has been training for school-leavers, much of it not related to ICT's business. Only

e small number of trainees will be taken on by ICI, though it costs the companyl £30,000 to train an apprentice.
"We train many more young people than we can employ," says Mr Jim Conoghan, Wilton's training maneger. "There are not many openings in large industries for trained school-leavers. The smaller companies

they want young people with m all-round ability."
A 50-place training workshop run by ICI on BSC premises at Skinningrove aims to give young people a range of skills,

provide some opportunities and

including joinery, fabrication, welding and motor mechanics. We try to make them suitable says Mr Conachan.

ICI has taken a few onto its foundation course, which could lead to an epprenticeship. It accepts 120 a year onto tts one-year Wilton foundation course to provide them with broadmajor investment in new capa-city for Wilton is planned before sed technical skills. have the opportunity to study for further educatoin certif-

#### Instructor

"We are trying to develop them into responsible young adults. It is unlikely we will take them all on to secondyear training."

The course starts in Septem-ber, and in June ICI assesses its future site needs for craftsmen and process operators. "W performance allows. The remainder we try to place with local companies while they are still being trained.

"An instructor ts taken off course duties in February to canvas local companies. The only way is to knock on their doors."

Last year, 1CI Wilton retained 80 trainees, and many of the remaining trainees were helped to find other employment. The company is also involved in the Cleveland Technical and Vocational Education Initiative.
The MSC provides education

"develop new approaches to learning and an introduction to technology." As part of the five-year pilot, involving seven Middlesbrough schools, ICI lays on 2-day visits to Wilton, gives popils one-week's work experience and provides the oppor-

tunity to talk to ICI employees The company is now studying bow it can use its technical and business expertise on Teesside not just in training, but to directly stimulate more em-

There may be limited possi-bilities for joint ventures. Malborough Blopolymers was recently formed with Stocktonbased Malborough Teeside Management to exploit scientific developments within ICI's Billingham plant. It is concen-trating on using "bugs" to attack non-biodegradable wastes such as plastics.

But biotechnology is unlikely to lead to significant growth in local specialist companies because of high entry costs. ICI has a biotechnology research group of more than 200 and is building two manufecturing plants.

The company is looking at encouraging ventures outside its traditional corporate framework in such areas as computer software or industrial efficiency systems. Such businesses might be encouraged to set up else-where in Cleveland, with 1CI helping to attract outside partners and venture capital.



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# Computer key to growth

and software management, the centre provides a "waik-in"

gram was written.

bas drawn up e list of experts

ticular design problems and bave expertise in design and manufacture on other systems,

and calls them in when neces

sary. In addition the centre

painted units arranged around a

Cadcam Centre

GLANT slag heaps and rusting steel mills are not Cleveland's only legacies of a passing industrial age, The region is also left with a large number of unemployed with traditional engineering skills, while school leavers are becoming more familiar with small computers.

So it is perhaps appropriate So it is perhaps appropriete that Middlesbrough's CADCAM centre, designed to harness those talents and skills, should

be built on the site where steel was first made. CADCAM (computer aided design and computer aided manufacture) holds the key to

Rent and building improve-suppliers and subcontractors the capability to bandle digit-But many of these small firms,

prise zone extended (seen as premature by the Department of Environment) and bopes the new company will be the systems. A map showing the catalyst for more development distribution of CADCAM distribution of CADCAM systems throughout the UK tells the story: they are mostly clustered around the south east.

"The technology is new, costly and requires a fresh approach to design and manufacture," says Mr Arthur Llewelyn, the centre's directions." tor. The centre aims to help overcome the "natural, native caution" of local businesses.

An entry level course provides an understanding of the nature and characteristics of CADCAM with some hands-on exposure to basic design drafting and modelling systems. A practical experience course then concentrates on how to use systems to solve the problems which the participants themselves bring in. The third step is an evaluation of carry-ing out work and testing the

#### Courses

Normally two participants sit et each computer work-station with two or three experienced application engineers in support for every eight to 12 partici-

"However, the problem for "However, the problem for those under 25 years of age is particularly severe," says Mr Llewelyn. "Because they are familiar with personal com-puters, they are good et mani-pulating keyboards, but they lack work experience and an understanding of basic engin-eering skills such as engineer-ing drawing. CADCAM systems need more than just the ability to press the right buttons."

The centre offers e number

of courses for the under 25s. funded by the EEC Social Fund and matched by Cleveland County Council.
"Newly acquired capabilities

improve job prospects, but to use CADCAM systems in industry requires experience and judgment in the application environment. This sort of experience is locked up in the older person who finds it diffi-cult, and perhaps is reluctant to spare the time to get to grips with the technology."

A solution proposed by the centre is a new form of appren-ticeship, pairing the under 25s with the older and experienced into CADCAM for a number of the smaller firms, possibly provided by special work experi-

For small firms wanting to

buy a computerised system, but courtyard jutting onto the faced with the barriers of cost and software management, the of that community. "We need to attract software and hardfecility. Firms can try out the centre's own systems, before whole project."

deciding which system to invest English Estates, the English Estates,

developer, was persuaded to put Other engineering firms, which have already started to use CADCAM, may be confronted with problems which they cannot solve on their own. np £2.5m for the development, while Cleveland County Council guaranteed a bead lease on the centre for 25 years. A number of firms have already moved in They are also coming to the centre for advice. A typical engineering problem which the centre has investigated for a including specialists in robotics, electronics, a small software

system company and two engineering design companies. The centre's next step is to get a financial adviser on hand to local firm involved the filleting, blending and smoothing of a financial adviser on hand to curved surfaces as found in pressure vessels and pipework. One of the centre's application support engineers tackled this machining exercise using a PRIME-Medusa system. Even this sophisticated package had its limitations. So a special program was written.

The centre's next step is to get a financial adviser on hand to provide any small business wanting to raise finance from a with advice on drawing up a business plan. Too often banks call in a loan just when a company may need additional finance to make the break-through to full profitability," pany may need additional finance to make the break-through to full profitability," says Mr Llewelyn. Because the centre cannot afford to provide the complete range of CADCAM systems, it

CADCAM Applications Training and Support Company, the centre's operating company, may restructure itself so that it can take equity stakes in companies setting up in the units next to the centre. English Estates is changing its charter so that it can offer

charter so that it can oner management edvice to small businesses.

The indications are that to bring together technology, business, marketing, and finance in a committed package to bely man menture is what is needed. invites other suppliers to demonstrate to local firms bow their system could help them solve problems. Mr Liewelyn wants to in a committed package to be in a committed package t companies that eventually move into the 25 small, brightlyTEESSIDE OPERATION

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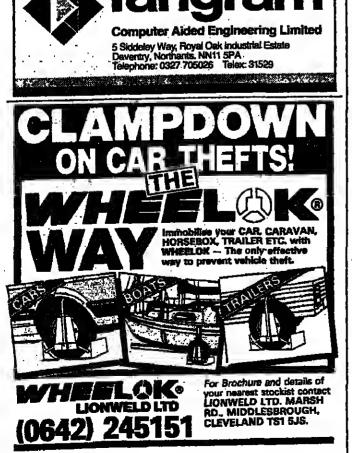


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#### Galleries/William Packer

# Bright bursts of abstract colour

The present ascendency of figurative painting in popular sttention is att very well, but should lead no one to suppose that abstract painting, which it apparently superseded, is done for at last and fading decently sway. The reality is that abatraction itself that ampraces so tion itself, that embraces so much of its greatest achieve-ment, remains one of the great preoccupations of modernism; snd as such it will slways sus-tain the creative interest and activity of serious artists, no matter that the critical emphasis may lie for the moment eisewhere. Three exhibitions now in London, of the work severally of Alan Green, Patrick Heron and the late Kenncih Martin, show us just how various, substantial and beautiful such work may

Alsn Green's latest paintings snd drawings occupy the Juda Rowao Gallery (in Tottenham Mews, W1 until August 31). They are deceptive and dis-armingly simple things, and il would be all too easy to turn their bare description hack sgainst them. Near squares of canvas, most of them some 4 by 5 feet, on which one fial, apparently undifferentiated rectangle of rich yet drah colour is laid out upon another to leave either a simple border —as it were a painled frame— or, where the central block is so much smaller in relation to the whole, an encompassing colour field or ground: what on earth is there of Art in such things as that?

But the mistake is to take such formal simplicity as the mere shallow or emply leasing of an innocent public. On the contrary, simplicity, informed by making snd doing and long experience, bas something in it to aet the imagination free, and so il is with Green's paintings. Given just s little of the time and close sttention they are worth, they soon begin to decisre themselves in all their practical delicacy and subtlety of implication and suggestion.

His first concern is to achieve upon the csnvas a coat of pigupon the csnvas a coat of pigmenl which in its every mark
and surface quslity is no more
and no less than itself. Each
painting, escb surface is different, yet esch is possessed of
the ssme physics integrity, a
rightness and ease with itself

that 'nsists, with the thick glaze on the raku tea bowl, or the calligrapher's authoritative sweep of ink across the scroll, that it can only be as and what

sweep of ink across the scroll, that it csn only be as and what it is, and nothing other. It is no surprise that Green does very well in Japan.

But as with all painting, there is more to them than the bsre fact of surface, for to set one figure against another though it is only a square, and to lay mark upon mark, is to conjure up the sensation of apace. And the eye moves back and forth across the margins snd intervals, picking up here the fiash and shift of colour as il changes in the light, estehing there a glimpse, through the open handling of the paint, of something of what lies beneath, long suppressed. All psinting carries within itself the secrel bistory of its processes, enough always to excite almost archieological speculation.

Though Green bas often worked very large in the past —one such work, a triptych of monocbrome panels, bangs hora d'exposition in the topmost room — this newest work is only of small to middling size. only of small to middling size. But there is no hierarchy of scale by which bigger is better, and if there are good reasons enough for working either large or small, in painting as in all art it is the particular creative necessity that should be decisive. Patrick Heron for his part, in his selective retrohis part, in his selective retrospective at the Barbican (unbl September 1), shows us that at certain points in a career now of nesrly 50 years he had no choice but to work as large as

He began and continued well into the 1950s as a painter of landscape and still-life, a leading figure as be still is in the SI Ives group, bul looking to Paris, and to Matisse especially, as his own work grew simpler and ever more him some time, as we can see from the fascinating and often delightful earlier works he has chosen to bring back into the

credi." a spirited piece juxtapos

ing music of violent anger and

he could manage.



Kenneth Martin

The landscape painler, bowever, is free to suggest an infinity within the smallest scope, for the suggestion is bermetic, closed off by drawing and reference beyond the picture plane, all in the mind. But unfigured colour, with no rep-resentation or reference to belp it other than itself, must rather come out to us, wrapping us round altogether to draw us Into the direct physical sensa-tion it affords, of space and light. And it must be tried big.

A brief essay in Parisian abstraction around 1955, and then Heron was oul on bis own as a colour painter. With paint-ings thal consisted entirely of loosely stated borizontal stripes, and of blocks of colour floating free across an atmospheric field or ground of colour, his own authentic and romantic version of abstract expressionism was well established by the time the wave of New York painting hit Europe in the late 1950s.

And so he has gone on. He jumps 10 years or so in this account of himself, taking up again in the middle 1970s, with again in the middle 1970s, with the work sometimes very big, and the surfaces somewhal flatter and more anonymous in the handling, Bul things are changing now. Some of the work is still very hig, but more it seems from physical exuberance than principle, and the imagery has Ted Craigs production of David Allen's Cheapside at the Croydon Warebouse has been extended until Sunday July 21. It stars James Bolam, Jeffery Kissoon, John Moreno are Tuesday to Saturday at 7.30 pm, Sunday matinee at 4.30 pm.

various, certaioly more graphic once more and oddly suggestive, as though hinting once more at the material of 35 years ago. There is the sense too of solven-ture and experiment in the work, rather than of system and theory, which is brsve and admirable.

The later work of Kenneth

Martin, with a cast back to about 1970 when he turned from sculpture to painting, fills the Serpentine Gallery (until August 4). Throughout his life he bad worked within the con-structivist tradition, and was particularly taken with ideas of sequence and systematic propossibilities. The paintings begin under the terse heading Chance and Order, which by 1980 bad been extended by the addition of the word Change. At the time of his death last year, at the age of 79, Chance was in the process of being dropped, which suggests the slow, close evolution of the

A grid supplies the order numbers al random aupply the chance, which worked together generate a mesb or web of lines. spillikins-like, to be orcbestra-ted, pointed and modified at the artist's discretion. The elegance of the imagery resides as much in the simplicity of the device as in the working of the canvas, for Martin kept his distance as a painter, his paint dry and his handling pawky, unseductive; and the working drawings are no less authoritative than the finished things. We confront it all, and respect il as a body of the party of the party of the painty of t work, yet at every point we are caught out in our intellec-tual expectation by an tual expe ambiguous, unmistakeable visual poetry, speaking quietiy to us across the gallery, if only we will wait, and listen, and look.

#### 'Cheapside' extended

Ted Craig's production of

### Baroque at Blenheim

B. A. Young

Black ties, long skirts, bare ticity. During the interval, shoulders, plenicking on the champagne was copiously served grass, but not Glyndabourne to visitors. crass, hut not Glyndabourne grass, but not diyndabourne this time. This grass was more historic, the slope falling from the north front of Blenheim Palace down to Capability Brown's splendid park, overlooking the artificial lake be created by damming the River

Blenheim was the location of the European Music Year's gala concert on Saturday, ccle-brating the 300th suniversaries of J. S. Bach and Handel, the or J. S. Bach and Handel, the crown of the year's Stately Homes Music Festival, sponsored for the third year running by Lufthansa.

Music in grand bouses lakes on a new dimension. (I write as a music-lover, not as a music critic.) The programme placed

critic.) The programme played by the English Chamber Orcn-estra in the Long Library at Blenheim consisted mostly of old favourites; yel heard in old favourites; yel heard in that fine room, ecousticalty mucb better than you would guess from its long, thin proportions, they took on a jubilant character, as if for a coronation or a royal wedding. The festival directorate does these things well. At Blenbeim, the ticket gave access to the Park from 5.30 onwards for the benefit of parties who proposed benefit of parties who proposed to eat in the open. The house wss open at 7 o'clock, wilb a guide stationed at every point where you might need one to tell you about the bouse or the magnificent collection of pic-tures. (I was sorry not to see more people balt at the Epstein bust of the 9th duke—about as far as Blenbeim goes towards modern art, unless perhaps the private rooms bave some privste Francis Bacons of the

Tha concert was Tha concert was elmost entirely confined to music of the baroque period. It began with the "Arrival of the Queen of Sheba" from Handel's Solomon fuifilling the business of an overture. This was followed by Handel's concerto grosso, Op 3 No 2 of which ICT Betrochent. 3 No 2, of which ICI Petrochemicals and Plastics, the sponsor of this concert, had recently reproduced the first stage of the score in Ibeir advertisement in the

Philip Ledger then left the bs:psichord from which he bad been conducting the band and went lo the great Willis organ, went to the great Willis organ, installed in 1891, to play Bacb's early Fantasis in G. Then came Bacb's Cantata No 51, "Jauchzel Gott," athletically sung by the apprano Ann Mackay, who is her first aria was accompanied with a trumpel obligate by Crimins Steele. obligato by Criapian Steele-Perkins. Mr Steele-Perkins gave Purcell's "Trumpel Tune." if it is Purcell's, after the break, and was enthusiastically encored by a champagne-enlivened audlence.

When the trumpeter had been allowed to leave the slage, Mi Ledger took the band through the fastest performance of Mozart's Divertimento in D perhaps to excuse it for not being baroque. We then ended, in theory, with Handel's Water Music Sulte No 2, with "instruments of all sorts," as a contemporary paper reported in 1717: but, when it was done, Mr Ledger gracionsly brought Miss Mackay back to sing Arne's "Rule Brilannia," with an invi-The concert began at 8 o'clock, and was attended by the duke and bis party to add authenall gol the words wrong. tation lo the audience lo join in the choruses. Naturally, they

# Handel/St. John's, Smith Square

Richard Fairman This coocert brought us the period were still in progressfirst complete Loodon perfor- but the second part maintains mance of Handel's Clori, Tirsi an unexpectedly high standard. e Fileno (1707). The Handel
Tercenicnary Festivsl, which tic in style, opens this half. Two continues for the rest of this arias of anger and energy fol-week at a variety of venues, low and with these the stronger has planned a judicious balance musical invention which is to of the old and the new — this dominate the score is established. Clori's "Barbaro! tu non most striking of its novelties. The complete score of the work was not discovered until pathos, is especially impressive. 1960 and has been little per-formed since. But Hsndel has, But nothing is finer than the shepherd Fileno's "Come la ron-dinella" with its unusual lute formed since. Bul Handel has, in effect, given us a good chance of hearing its music by including some of its best numbers in other works: Glori's lyrical "Amo Tirsi" turns up in a different guise in the opera Agrippino and the very memorable, elegise "Un sospiretto." one of the cantata's finest srlas, went Into Rodrigo solo and unsettling rhythmic pulse. That later found its way finest srlas, went Inlo Rodrigo

without any change at all. Heard in context, they can only gain in effect. The musical pace of Clorl, Tirsl e Fileno, a pastoral idyll, ia carefully wrotight and deserves allention on its own merit. The carlier part of the score is the less original, weaker in lechnique— Handel was only 22 at the time and the advances in harmony

#### Clementi Trio/ICA **Andrew Clements**

The second MusICA event of proved to be a continuation of the first concert a week earlier: more music by Clarence Barlow, snd two further components from Walter Zlmmermann's Von Nutzen des Lassens cycle, together with Manfred Stabnke's Variations on a Mongolian Song. The performers were the excel-lent Glemeoti Trio, based in Cologne and generally known for programmes in which old music is combined with new

works. Here, though, the fare was entirely contemporary.

Neither Barlow nor Zimmer

into the Ilslian/Englisb version mann became a more sharply of Acis and Golatea. focused crestive personality from these further samples of In this performance, il was delivered with an attractive poise by counter-tenor Michael Chance. His rival in love, the their outputs. Barlow's piano trio, 1981, disclocated the first shepherd Tirsi, was taken by soprano Jennifer Smith, a little constricted at the top, and movements of trios by Clementi. Schumann and Ravel and superimposed them according to statistical processes, producing Alison Hargan was the shepdrifting textures of tonal references that gained real focus berdeas Clori. Denys Darlow led the London Handel Orchestra with proper care, giving us all the da copo repeats and allowing limited ornamentation from hls aoloists. It would have helped for the support had been in fron only when one or other of the models became readily identifiable. The ear clung to these occasional life-lines too desperately to be able to comprehend

The second MusicA event of the present series on Sunday there is surely a genuicely proved to be a continuation of original voice to be uncovered. if only one could pin down exactly what permanent charac-teristics that voice had. The first of the plane-trio pieces, Ephemer, a reworking of an earlier piece into an interlude for the present Meister Eckhartinspired sequence, was recognis-able Zimmermann — swirts of pentalonic melodies, painfully protracted string harmonics, and a weakness for heavily poeticised codas. But Garten des Vergessens confounded that, thickly overlaying clumpy ostinatos in a texture that never faltered and resolutely refused to yield to unabashed folksy

> Stahnke's Variations failed to provide much more enlighten-ment. The plece steadily accrued polyphonic lines as melody was piled upon melody all of them microtone-inflected The texture become increasingly reparbative - without Barlow tweaks of nostalgia or Zimmermann's twinkling sweetness correspondingly less and rewarding, though the Glementi Trio stuck faithfully to its task with plausible commitment.

gether the Odyssey and the Iliad or all the Books of Kings, Judges and Prophets In the Bible. The basic narrative is

How may such a massive work e mediated on stage in the West where it is largely un-known? It requires a combination of talents and circum-stances all of which seem to fall miraculously into place near Avignon at this year's Festival. First, a veteran theatre director of amazing nerve and fluency of invention (Peter Brook) who with his adapter (Jean-Claude Carrière) has been planning the project for 10 years; then an international company with actors of different ethnic origins who are used to working closely logether on texts ranging from The Cherry Orchard to the The Ik. After that financial aupport (pro-vided by the Ministry of Gulture and the Rockefeller Founda-

arrival of Grand Kabuki on its

American tour, this Japanese ver-sion of Euripedes is presented by

To find a comparable work are also performed separately) to the Mohabharata in a tradition familiar to the Western mind you would have to put to-base is in the suburbs of Paris The Brook company's bome-base is in the suburbs of Paris in what was once a circus, In the town of Boulbon they bave found an even better site, a

The Mahabharata/Avignon Festival

**Anthony Curtis** 

vast chalk-quarry where a large concerned with a bitter pro-concerned with a bitter pro-longed battle between two simulated river running through groups of hrothers, powerful it has been prepared for them; princes controlling the destiny entrances on either side are of the entire country. They are masked with boulders and the of divine origin and share a backdrop is a naked cliff-face, common ancestor. Their fratri-a sheer 100 feet of rainy rock common ancestor. Their fratricidal quarrel escalates into a global war. Upon this base has fourished over the centuries a mass of folklore, legend and moral teaching. Embedded the audience with perfect somewhere, for exsmple, in a pause in the action, in the form of a conversation between the warrior Arjuna and the god Krishna, is lodged the Bhagored-Ghita, a few thousand detachable words out of several million which make up the some special color, but with a magician such a global war. Upon this base has times during the night and bounced back every word intered by the performers into the audience with perfect the audience with perfect the audience with perfect still watching characters whose names you cannot pronounce and whose ancestry is obscure doing horrible things to each other, but with a magician such as Brook in charge it passes like a dream.

Arleen Auger and Della Jones in "Alcina," which

opened last night at Christ Church, Spitalfields.

a dream. He creates an enchanting series of illusions through a seeming absence of illusion. For much of The Gome of Dice, part one of the play, we are made to believe we inhabit a world of pure fairy tale, and so enter-taining is it, a string of fantastic episodes, miraculous births, gods in heavy mortal disguise, that we bope we can remain there for ever. Gradually Brook weans us from this sorry illu-

The first hinl that we are not going to be allowed to escape through merrimenl from the spectacle of suffering is when a noble woman finds berself betrothed to a blind king (Ryszard Cieslak) and vows to wear a that the frequent changes of black band around her eyes for tempo bave rhythmic smootb-the rest of her life. Mireille ness. Brook bas a trio of loyal tion), plenty of time (nine Maalouf made this scene per-allies on stage belying hours though the three parts feetly credible and for the rest effect these transitions,

untary, both movingly played. This seemed quite different from, say, Ocdipus where the blindness has the whole of Greek logic bebind it. Here by contrast we are in a totally illogical, fortuitous world. It is right cide, should be something so chancy as a game of dice. Yudisbthira (Matthlas Habich), the border of the Pandavas who are in perpetual contention with their cousins the Kauravas, bap-pens to have a fatal weakness for gambling and on that turns

The dice game is the one pense since we know the out- staining the sand. of exile in the forest for the los-ing side (Part Two) followed Bhishma, Yoshi Oida's imperia ing side (Part Two) followed by a war of complete devastation (Part Three). Even so, it is magnificently staged with the crazed leader flinging his dice down with mad impatience as he raises the stake each time to include his palace, each of his brothers, bimself and finally his wife Draupadi (Mallika) Sarabhai).

the fate of the world.

Brook's handling of these shifts of mood from grief to ecstasy, playfulness to gravity, activity to meditation, is always beautifully precise. He orches-trales the work with the rigour of a Bernsteio, and each mem-ber of the company responds with such disciplined confidence on stage belping him

of the play we had two sightless storyteller (Alain Maratrat) characters on stage, one whose who la dictating events to a boyblindness was an affliction and the other in whom it was volated to the content of the content of the play we had two sightless storyteller (Alain Maratrat) characters who is a storyteller (Alain Maratrat) characters on stage, one whose who is a storyteller (Alain Maratrat) characters on stage, one whose who is a dictating events to a boyblindness was an affliction and the other in whom it was volated as a storyteller (Alain Maratrat) characters on stage, one whose who is dictating events to a boyblindness was an affliction and the other in whom it was volated as a storyteller (Alain Maratrat) characters on stage, one whose who is dictating events to a boyblindness was an affliction and the other in whom it was volated as a storyteller (Alain Maratrat) characters who is a stage of the content of the con from the events, comment on them, moralise about the action,

Inevitably they are least in evidence during the great war where Brook accelerates the therefore that what precipitales pace to reach a pitch of hysteria, the massacre, the eventual geno- a snare-drum beating out the a snare-drum beating out the lempo here, accompanied by walling brass conducted by Toshi Tsuchilori. The action is spreadeagled all over the set, across the river and up on the cliff top, naked flaming torches pln-poloting the combatants. Here is no token stage war where someone comes on after a few loud bangs and announces victory: It is the real thing in point where Brook permits him-self a tightening of the tension: it cannot really be called sus-an expanding map of bloodsbed

Busi

Bruce Myer's tense Drona, and Mamadou Diouple's instluctual oaflike Bhima-all have moments when they dominale the action in the way that Shakespeare's lesser characters do, but then they fall back and the thread of destiny which the play traces is taken up hy some one else. This is even true of the noble avenging figure of Arjuna, the unerring marksman played by Vitiorio Mezzoglorno who for all his warrior-like genius never becomes a Henry

The production offers a wonderfully exhibarating experi-ence for anyone interested in the potential of the conlemporary theatre in the presenta-tion of myth. To bave brought it bere in his first year is clearl a triumph for the new festival the

#### JAMES HARPER & Co.

and melodic grace of his Italian of the orchestra.

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# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all tha Arts appears each Friday.

July 12-July 18

the American National Theatre and

Wisdom Bridge Theatre. Kennedy Center (2549895).

#### **Opera and Ballet**

the singers bad been in front

LONDON

Royal Opera, Covent Garden: The clos-Royal Opera, Covent Garden: The clos-ing week of the Royal Opera season contains just two performances – Macbeth, with Bruson and Dimitro-vs conducted by Edward Downes, and the dim new production of Ros-sini's Donna del Lago, with Frederi-ca von Stade inadequately equipped (despite lovely moments) for the ti-tle role, and Marilyn Horne in blow-zy form as the travesty hero. Coliseum (8363161): Festival Ballet in

Royal Opera House, Covent Garden: Royal Bailet in la Fille Mal Gardee.

the precise purpose of the

Hans Graf, Almaviva sung by Dano Raffanti/Noel Velsaco, Rosine by Suzanne Mentzer, Figaro by Patrick Raftery and Basilio by Ruggiero Raimondi. Opéra Comique (296/8011)

Robert le Diable alternates with Soirée de Ballets and with Tosca. Conducted by James Coulon with Raina Kabaivanska in the title role and Giacomo Aragall in that of

and Giacomo Aragall in that of Cavaradossi. Paris Opera (265 5022).

**NETHERLANDS** 

Amsterdam, Shaffy Theatre (Keizers-gracht 324). Solo dance programme by Laurie Booth (Tue to Thur). (231311).

#### SPAIN

Madrid: Teatro de la Zarzuela. Top Spanish tenor Placido Domingo ii Othello, conducted by Luis Antoni Garcia Navarro, artistic director Piero Faggioni (Mon); Placido Do-mingo will also perform Othello at the Vicente Calderón football stadium (Thur) (221.65.10)

#### **NEW YORK**

Grand Kabuki (Metropolitan Opera House): A mixed programme of Jap-anese dance takes up a fortnight's residence in Lincoln Center.

New York Grand Opera (Central Park): 12th summer of free fully staged outdoor performances con-ducted by Vincent La Selva has ten-or Ernesto Zuccarelli as Rodolpho and Katherine Luna as Mimi in La Boheme with sets by Shelley Barto-lini (Wed, 7.30pm). 72nd St Band Shell.

Snew York City Opera (NY State): The Mikado, Carmen, La Rondine, Lucia di Lammermoor and La Cenerento-la start the ambitious 20-week repertory of the company's 41st seas Lincoln Center (8705580)

New York City Ballet (Saratoga): Mixed programmes including After-noon of a Faun, Firebird and Gershwin Concerto in the other week residence.
Springs NY (518 587 3330).

> WASHINGTON Medea (Terrace): Before th

# Lloyds Bank Base Rate Lloyds Bank Plc has reduced its

Base Rate from 12.5% to 12% p.a. with effect from Tuesday, 16th July 1985.

The change in Base Rate will also be applied from the same date by the United Kingdom branches of Lloyds Bank International Limited The National Bank of New Zealand Limited.



#### Saleroom/Antony Thorncroft

# Primitives—at a price

summer break: the gavels are silent for all of August and for most of September. But there are still some excitements to get over first; notably, Sotheby's first sale of English naive and provincial art tomorrow.

provincial art tomorrow.

Naive art, the artistic oulpourings of the unlearned from the 18th century to around 1900. has for long been popular in the U.S. and commands bigh prices. This first auction in the UK must be regarded as an experiment. The most expensive lot should be "The fleet off-shore," painted around 1785 and depicing a review at Spithead. It carries a £25,000 top estimate and is perhaps more

estimate aod is perhaps more decorstive than primitive. Apart from rather fanciful potraits of farmyard snimals, pets and children, the sale includes pottery, furniture, shop signs, samplers—and a model of a butcher's sbop, mid 19th century, sbowing the bulcher and his assistants surrounded by some gory looking joints of meat. It could top £1,500.

One reason why the salerooms love a big new record price for a picture (on top of the 10 per cent commission they get on the hammer price) is that it quickly draws oul more paintings by the same artist. Since the day last November when Christies sold a double portrait by Joseph Wright of Derby to the National

The major salerooms — Gallery for £1.4m, owners of Sotheby's and Christie's—are J.W. of D. pictures have decided winding down for their annual they can live without them.

Gbristie's bas three in its British picture auction on Fri-British picture auction on Friday. Two are run-of-the-mill portraits, with top estimates of £12,000 and £5,000; but the third, of John Wbetham of Kirklington, sent in by a descendant of the sitter, should comfortably top the £100,000 comfortably top the £100,000

A comparable price might be paid for the finish of the Derby in 1859, painted by Henry Alken. A sketch of the christen-ing of the Prince of Wales in 1842—he grew np to be King Edward VIII—by Sir George Hayter carries a £7,000 top estimate. It was sold at Cbristle's in 1871 in the artist's sindio sale for £1 9s. The finished painting, valued at 1,000 guineas, was bought for the Royal Collection. Both Christie's and Sotheby's

are bolding antiquities ssles this week. Highlights at Christie's today are an Egyptian bronze figure of a cat sent for sale by Lady Clarke (top esti-mate £20,000); and a Romano-Brilish solid bronze figure of a standing stag, made in Southern England around the time the Romans atarted to get interested.

At Sotheby's tomorrow, a very rare Phoenician ivory plaque of around 800 BC depicting the goddess Ashtart (Aphrodite) carries a £12,000 top estimate.

# HongkongBank (X) announces that on and after

July 16th, 1985

the following annual rate will apply Base Rate 12% (previously 124%)

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# THE MANAGEMENT PAGE: Small Business

BEING TAKEN over by a larger company is not every small hust-nessman's vision of success. - At worst, it can lead to de-moralising loss of independence for the founders, a loss of direction for the company and serious clashes of objectives with the new parent. Yet if a sympathetic bidder can be found, a takenver can be a highly desirable option — particularly for small capital intensive businesses hungry for expansion finance:

Few people can know both sides of the argument better than Dr John Hollowood, 49-year-old managing director of year-old managing director of Fioa Organics, a Middlesbrough-based maker of organic chemicals for drug compaines. Hollowood, who trained as a research chemist, has taken the brunt of three takeovers during his 13-year career in manage-

ment.

He believes that he has at last found the ideal non-interfering owner in his latest parent. Laporte Industries, the UK chemicals group which paid \$4.05m for three-quarters of Fine Organics' equity last November. But the decision to accept Laporte's offer was far from easy for a manager who had experienced the frustrations of heing according and run had of being acquired and run by other chemicals groups whosa ambitions ran at loggerheads

with his own.

Fine Organics provides an object lesson in bow to judge when it is appropriate to exchange independence for the security and investment power of a rich owner. It demonstrates the paramount importance of hitting the right market at tho right time, whila illustrating the dangers of getting too relient on one customer; a fundamental risk for any small company selling to an industry — like pharmaceuticals — which is dominated by a handful of giant

The company owes its growth from sales of £850,000 in its from sales of £850,000 in its first year to September 1978 to an expected £8m this year — to the fact that Hollowood launched into speciality chemicals just before several big producers of bulk chemicals identified that market as an important diverse.

did it make sense for Hollowood to surrender to Laporte?

An important part of the answer lies on a block construc-tion site on the hnge Seal Sands tion site on the hige Seal Sands chemicals complex at Stockton on Teesside, It was there that Fine Organics embarked last year on building a 12.25m factory, for which Hollowood was planning to raise £2m from the venture. capital industry. That seemed to be the only way to get the money, yet Hollowood did not relish diluting his per-sonal stake in the company in



# When marriage is convenient

William Dawkins on a perennial dilemma

favour of outside investors who would understand little about tha special problems of making organic chemicals. Laporte, which met Hollo-

wood through an acquisition broker, immediately offered to put up an extra £2m for the project. It later agreed—at a day's notice—to supply a further £3.75m for enother plant. The group has never invested so much in a subsidiary which it does not fully

sification opportunity.

Laporte's purchase of Fine
Organics forms part of a wider
acquisition strategy designed to
reduce its exposure to a listless
bulk chemicals market in favour
of higher growth areas. But why
did it make sense feet. targets and submit monthly accounts, "They act as knowledgeable bankers," he says. "They know the chemicals industry well enough to under-stand my needs but they don't know so much about fine chemicals that they can breathe down my neck."

Ken Minton, Laporte's manag-

ances have been so agreeable, and he even admits to having had cold feet at one point about whether to accept Laporte. He first experienced the problems of adapting to a new parent while working as technical director for North Western Oil, a privately owned Middlesbrough group making solvents for the oil industry. The com-pany fell prey to the inde-pendent oil company, Carless, Capel & Leonard in 1973 when its owner retired. Hollowood soon left because Carless refused to finance the diversi-fication he had been attempting

He and a colleague borrowed £100,000 to set np their own avoid a repeat of the Smith speciality chemicals venture, Kline episode by finding other Tekchem, making small volumes of high value chemicals for the drug, photographic and agrochemical industries. Just a month after they started production, Magnachem, a Houstonbased concern, offered £500,000 for the company; an offer too generous to refuse.

into more sophisticated fine

chemicals.

Ken Minton, Laporte's managing director, explains: "This work—just the opposite of what idea is to create an environment where creativity and fiair can flourish... while at the same time forcing them to justify themselves in a sensible financial way."

Not all of Hollowood's allighted the companies of the chemicals industry was not enquiries, but far more difficult to dentify good lines. If we pure chance, Smith Kline & commercialise 10 per cent of French Laboratories, the U.S. our enquiries, then we are doing owned pharmaceuticals com-

pany, approached Hollowood with a request for a cheap way of producing cysteamine, an ingredient of Tagamet, its latest anti-ulcer drug.

Hollowood felt sure that cysteamine would be of no interest elther to Magnechem or its ultimate owner, Baker Inter national, the U.S. oll and mining aervices group. Accordingly, he offered to produce the chemical for Smith Kline himself, and even got as far as extracting a £1m order.

In a surprising change of policy, Baker International asked Hollowood to set up Fine Organics as a subsidiary to service Smith Kline. Three years later, by the end of 1980, Fine Organics was making a taxable profit of £850,000 on sales of £3m and Tagamet wasp roving to be a resounding success.

to be a resounding success.

As inevitably as nemesis follows hubris. Smith Kline suddenly decided to bring all of its Tagamet production inhouse, thereby removing most of Fine Organics' business. "Instead of projecting £4m of sales for 1981, I was left with £300,000," says Hollowood, who was promptly despatched by Baker to sell Fine Organics.

After several months of fruitless negotiations with possible bidders — including Carless—Hollowood and his operations director, Alistair Andsrson, agreed to huy the company themselves. Eouity Capital for Industry and Moracrest Investments put up 40 per cent of

ments put up 40 per cent of the equity in a deal worth £915,000, with £300,000 of the payment coming as a three-year deferred loan.

Whils the management buyout was being completed, a major British nbarmaceuticals group approached Hollowood for ingredients for its new anti-ulcer drug. "If they had come in much earlier, we would have lost the deal," he admits. That contract made it much passion for the house the second to t easier for the new Fine Organics to recover, but Hollowood and Anderson were still keenly aware of the need to customers.

accounts for half of sales, but the group as a whole now sells 35 products to 50 customers. The transformation has been

achieved partly through old-fashioned legwork — "advertisenerous to refuse.

ing and knocking on doors."

A year later, "we were doing says Hollowood—and partly low added value, high volume through a growing emphasis work—just the opposite of what on the value of research and I wanted to do," says Hollowood, development.

#### In brief ...

NOTTINGHAM University is to set up a management huyout research unit to gather information and study the performance of newly indepen-

The three-year research programme will cost £60,000 and is being funded by chartered accountants, Spicer and Pegler, with Barelays Development Capital. John Coyne and Michael Wright, who have already conducted extensive research into the growing number of huyouts taking place in the UK, will conduct the project under the super-vision of Brian Chiplin, professor of industrial econd at the university.

MORE THAN 60 organisations have confirmed that they will be participating in the second National Franchise Exhibition, which takes place at the Kensington Exhibition Centre, London, from October 11-13. Details from Alison Slavn, Dresswell Exhibitions, telephone 01 727 1929 phone 01 727 1929.

BIG accountancy firms contime to shower would-be entrepreneurs with glossy—
and often very useful—booklets explaining how to get started.

The latest cintch comes from Arthur Young and Peat, Marwick Mitchell. The for-mer's set of 10 leastets, en-titled Your Own Business,

covers topics ranging from taxation, raising finance, directors' responsibilities and employment of staff.

Arthur Young's guides are not designed to provide the last word on the subjects they cover, but they do contain enough information to enable the hudding husinessman to talk to professional advisers or bank managers with con-

They are available free from Deborah Jones, Arthur Young, 7 Rolls Buildings, Fetter Lane, London EC4A INH. Telephone 01-831 7130.

Peat Marwick's latest publication, "Starting up your own business," takes the reader in easy, humorously illustrated stages through each point in the process of launching and developing a

new venture.
Each page lists in the margin sources of further information and advice on the subjects covered. The booklet costs £3 from Hubert Thomponers and Marwick 7 Tih son, Peat Marwick, 7 Tih Lane, Manchester, M2 6DS. Telephone 061-832 4221

C&L

# Getting workshops to work

ing small units on fiexible

public sector sponsors and overcome innumerable hilches; in short, a "driving force" who exemplifies the entrepreneurial talents to which his small business tenants aspire.

Those are the main conclusions of a study of two such projects, Saltaire Workshops in Bradford and the Avondale project in Bristol, published last week by Shell UK in conjunction with the Depart-ment of Trade and Industry's ment of Irade and Industry's Small Firms Divisioo. Manoged worksbops are becoming an iocreasingly popular tool for fostering the growth of small businesses.

The study's authors, the management consultants Segal Quince Wicksteed, estimate that there were 10 such projects in the UK at the end of the 1970s. Now there are believed to be more than 50 in London alone, with several more in each major city. West Germany and the Netherlands are also finding the concept popular.

"It would be foolish to say . . . that all managed work-shops are automatically a good thing," admits the study. Their direct impact on unemployment

for would-be entrepreneurs and terms in centrally-managed re-furbished industrial buildings effect on employment among

but they are highly compil-cated to set up and administer.

An essential ingredient of a successful project is a strong-minded individual who can win the support of private and with the support of private and the University of Bradford, and the University of Bradford, and Mike Winwood, a former social sciences lecturer at Bristol University. Both schemes were conceived and partly funded by local authorities as a way of tackling unemployment in their regions, but they both ran into considerable practical problems in finding premises and raising cash from philanthropic spon-

> Saltaire had to abandon negotiations for its first huilding hecause the lease terms were 100 onerous, and eventually set up five years ago in a redundant weaving mill, an unused part of the headquarters of the textile concern, Illingworth Morris, Avondale lost its first building to another bidder, but moved in late 1981 into surplus space at a local bakery equipment maker. Thomas Collins and

Company.

Both workshops have attracted tenants from a wide spread of sectors, ranging from computer software through office furniture, wood sculpture and precision calibration to car maintenance.

Ther survival rate has been encouraging; a result, argues the study, of the business advice

MANAGED workshops might is small, but they do provide available from the workshop be simple in concept—embrac- models of what can be achieved managers and the desibility with which successful tenants can expand into extra space. Winwood reports seven failures out of the 81 ventures to have taken residence at Avondale, while the drop-out rate at Saltaire is rather higher at 30 per cent, a reflection of the fact that it houses a higher share of start-ups than the more up-

market Avondale Neither project bas been a great money-spinner. Saltaire shows an 11 per cent return on capital costs, while Avondale yields 16 per cent — and these figures would be rather lower if the benefit of non-cash subsidies they receive from sponsors are

stripped out. Workshop schemes are thereforc unlikely to be commercially attractive in their own right to private property developers. But the private sector might be interested if it could invest alongside local authorities, which would pull logether all the various forms of grant aid and public support available,

argues the study.
It suggests: "There is clearly
potential for initiatives along
these lines, especially if a local authority were to develop a simple package approach which could be marketed to prospective private sector partners. \* Case Studies of two Monaged Workshop Schemes—Avondole & Saltoire: £4.95 from HMSO, 49 High Holborn, London, WCIV

William Dawkins

#### The world of risk finance

IT WOULD be a mistake to think that the experience of the successful U.S. venture capital industry can be transplanted directly into Europe or the UK.

The European entrepreneur is not a carbon copy of his transatlantic cousin, his tax regime is more hostile to small husinesses than that of the U.S., and his markets do not offer the same scale of growth. So argues Tony Lorenz, managing director of Equity Capital for Industry, in his book Venture Capital Today: A guide to the venture capital market in the United Kingdom, due to be published on Thurs-

Lorenz accepts as readily as anyone else in the industry that venture capital activity has reached unprecedented levels in the UK thanks to a widespread recognition of the importance of comes into contact with it, while newer technologies to economic offering a fund of practical

is little evidence that it could have as dramatic an effect on small business development as in the U.S. Moreover, important obstacles have to be cleared he-fore it can flourish fully in Europe.

These include limited opportunities to achieve share quota-tions; too many competing centres of technological excellence leading to a diffusion and dilution of skills, a relative un-willingness by large companies to boy small ventures' products; and a lack of incentives for experienced employee-managers to strike out on their own. Lorenz proposes few solu-tions beyond noting that recent

trends towards a European-wide venture capital community are encouraging for entrepreneurs. However, the book does not set out to solve the industry's problems. It is more intended to put the world of risk financing into context for anybody who comes into contact with it, while

growth. But, he argues, there advice for small businessmen is little evidence that it could seeking investment. Unlike many other guides to the subject, it gives a great deal of authoritative detail about the investors' position—explaining, for instance, precisely how it is that different styles of venture capital group decide on equity pricing, and what balance of income and capital galas they

will expect from husinesses in varying stages of development. Clearly explained details like that can only be helpful for those on both sides of the venture capitalist's desk. A small businessman who has easier to avoid wasting his-and his potential investors time -by opening negotiations with a venture capitalist whose management style or expectations of reward do not match his ability

Venture Capital Today costs £25 from Woodhead-Faulkner (Publishers) Ltd. Fitzwilliam House, 32 Trumpington Street, Cambridge, CB2 1QY,

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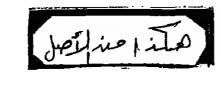
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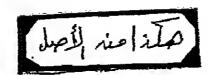
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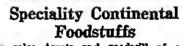
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# **FINANCIAL TIMES**

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Tuesday July 16 1985

# Tough task for Mexico

even the most model of the Latin American debtors is ex-

Latin American debtors is experiencing serious difficulties in sustaining economic recovery.

A sluggish international oil market, combined with Mexican besitation over pricing policies this year, bas been profoundly damaging to the country's balance of payments. Thus Mexico now risks losing almost the entire annual foreign exthe entire annual foreign ex-change saving which it achieved in bard won concessions from the international hanks when more than half its debt was restructured in March.

If the benefits of restructur-ing can be eroded so quickly by forces essentially beyond national control, the banks for their part can no longer sit complacently on the side lines believing that altering the time-scale of debt payments is a

reminder not merely for Mexico, but for all those in Latin America that carefully laid plans can go awry within a short space of time.

The strength of Mexico's economic turnround since the crisis days of 1982 had hinged on a tough austerity programme in-telligently executed by the de la Madrid Government. The cornerstone in coping with debt payments and improving the halance of payments has been a savage cut in imports, which have been reduced to half the pre-crisis levels.

Clearly this level of import indefinitely, even if substantial import substitution has coccurred during the past three years. Indeed when the Government began to permit a modest reflation of the economy office.

The ruling Institutional Revolutionary Party's triumph in the continued to increase at what would seem disturbing levels and the increase in domestic demand,

The Government was well assert that the economy was in danger of overheating but was a companies of being 'partners' in apartheid, 'the abhortent' in apartheid, 'the abhorten restraint cannot be sustained indefinitely, even if substantial

aware that the economy was in danger of overheating but pre-ferred to do nothing until the July 7 congressional and guber-

THE SHARP drop in Mexico's oil income and the enforced readjustment of its prices are an uncomfortable reminder that to apply The authorities have hegun to apply a fairly ahrupt brake: the sliding devaluation of tha

peso against the dollar has been speedad np, albeit in a disguised form; the reserve requirements on funds held by the nationalised banks with the Bank of Mexico has heen donbled and interest rates have been rised by up to two reserves. been raised hy up to two points.

#### Baggage

These measures in themselves are no more than sbort-term adjustments, like cutting the oil price. Far more as Covernment will be how the Covernment chooses to act on structural reforms, carrying out its pledge to reduce the role of the public sector and stimulate economic activity towards a new non-oil export base. Mexico can pay for its imports and service its debt only if it can generate more income through exports and tourism.

The Mexican Covernment knows this full well, but is still handicapped by the weight of the baggage of the Mexican Revolution and its costly ideas of the transfer of the state of nationalism and independ-ence. As a result Mexico still cannot present a coherent posture on foreign investment, especially in those strategic areas which interest multinationals.

If Mexico is to retain the sympathy of tha banks, and that of its powerful northern neigh-bour, the U.S., then it must make its attitude towards foreign investment less

The de la Medrid government has shown in the past week that it can ect decisively over the ecooomy. However, a new fac-

The wide publicity now being given to what are seen by Mexi-July 7 congressional and guber cans as rigged results can only natorial elections were out damage the democratic legition the way. While this was understandable enough in political terms, the country implementing policy.

# The diplomacy of culture

RELATIVELY priority attached by the Government to Britain's cultural presence abroad was again underlined on the occasion of the presentation of the British Council's annual report last week. The con-sequences of the spending cuts forced on the Council, detailed by Sir John Burgh, the Director-General, make sad reading and the arguments in favour of a reversal of that situation are hecoming increasingly con-

Every government department, it is true, has had to tighten its belt and there is no overriding reason why the British Council should he excluded from the general process. But the cuts which it bas had to make have been so substantial reletive to its overall hudget that Britain's image and influence chroad are beginning to be undermined.

#### Expenditure

The reduction of 20 per cent in real terms of the Govern-ment's grant-in-aid to the Council since 1979 has led to the shutting down of British Coun-cil posts at home and, particu-larly, ebroad. Some of these

There are those who argue that, with the ending of Britain's some and education, there is no longer any need to disseminate its culture and education to all corners of the globe. The reverse is true. At a time of declining political and economic influence it is all the more important that Britain should maintain or establish its cultural presence in countries like India, China, Malaysia and Indonesia which ere already, or Indonesia which ere already, or could become important trading and therefore political partners.

Other medium-sized European countries like France and West Germany, to say nothing of Japan, have not made the mistake of looking upon what has become known as cultural diolomacy as a disposable adjunct of foreign policy. France, with total expenditure on cultural relations of £300m in 1984, is spending nearly four times as much as Britain in this Indonesia which ere already, or

as much and Japan 50 per cent more.
The reason is that cultural contacts, though often not quantifiable in money terms, are as

cementing relations between countries as trade and one can help the other.

The area in which Britain is most vuinerable as the result of the government cuts is the education of foreigners. While the Japanese have decided to make a tenfold increase to 100,000 in the number of overseas students in Japan by the end of the century, the number of foreign students coming to Britain bas declined by 37 per cent since 1979 when full cost fees were introduced. At the same time, the British Council has been forced to postpone the opening of a new office in Shang-

opening of a new office in Shanghai which could tap the very lucrative and almost limitless market for English-language students opening up in China. It is not just that quite close links can ha created between the overseas students and the country they are taught in which could be of great benefit if those students later rise to prominent positions in their prominent positions in their own country. It is also that the provision of educational ser-

il posts at nominarily, ebroad. Some or were undoubtedly marginal, but what is much more important is that the Council's activities in newly-emerging countries and regions, like Chine and South-East Asia have been nipped in the bud.

There are those who argue of £1.5m from its Englishing and the ending of Britain's argue teaching activities in a scheme funded by British council has a scheme funded by British council has a scheme funded by British council has a scheme funded by British and polytechnics and polytechnics to wield ar

the next four years and has obtained private sponsorship for some arts activities.

The Council is therefore making a real effort to bridge the financial gap. It is not just sitting on its bands and "wingeling," in the words of Sir John Burgh to a Commons Select Committee. His request for a restoration of the savings Select Committee. His request for a restoration of the savings imposed on tha Council this year and for an additional £2m for each of the next three years should therefore be treated positively by the Government. It represents a drop in the ocean for the Treasury, but could make a noticeable difference to Britain's prestige

President low-**REAGAN'S** low-key policy of "constructive engagement'

towards South Africa—the attempt to secure change through quiet diplomacy—is now in worse trouble than at any time since its inception over four years ago. over four years ago.

Following last month's recall of Mr Herman Nickel, the U.S. ambassador, to protest about South African incursions into Angola and Botswana relations between Washington and Pretoria have become considerably strained. Washington's longrunning efforts to push Pretoria into a wider regional peace agreement remain frustrated.

In the U.S. discontent with

frustrated.

In the U.S., discontent with Mr Reagan's policy bas reached the point at which both Houses of Congress bave now approved economic sanctions against South Africa for the first time in history. In the coming days, conference negotiators from the two Houses will start trying to produce jointly-agreed to produce jointly-agreed legislation for Mr Reagan's

legislation for Mr Reagan's signature.
Once that legislation reaches the White House, Mr Reagan will be faced with the distasteful choice of either compromising bis policy and signing it, or creating a major political outcry hy vetoing it. Mr Chester Crocker, Assistant Secretary of State for Africa and chief architect of the "constructive engagement" policy, says that the Administration remains "dead set" agalost sanctions.
So far, the White House has not tipped its hand, in the bope apparently of watering down the sanctions during the conference negotiations. Its final decision will depend beavily on watering the conference megotiations.

decision will depend beavily on whether the Bill presented to Mr Reagan is closer to the tougher version passed by the Democrat-controlled House last month, or the milder measures approved by the Republican-led Senate last week.

A further consideration will grudgingly sign it. he whether the legislation is Supporters of the attrached to a bill containing sion admit that it is largely other items of hard-to-veto items, symbolic. It would ban new such as aid to Israel. But the fact remains that both chambers adopted sanctions by more than which have anyway slowed to a the two-thirds majorities required to over-ride a Presiden-exports of U.S. nuclear technical standard or the stan tial veto.

U.S. anti-apartheid pressures

# Now the **Senate** fans the **flames**

Reginald Dale, U.S. Editor in Washington, reports on Congressional moves to impose sanctions on Pretoria



pictured with South African Foreign Secretary Pik Botha

committee, is not alone in believing that the conference negotiators will settle on something resembling the Senate version, and that Mr Reagan will

Supporters of the Senate versymbolic. It would ban new American bank loans to tha South African Covernment, tial veto.

Republican Senator Nancy
Kassebaum of Kansas, who chairs the Senate's Africa sub-

Its other provisions—a ban on new investment and a halt to U.S. imports of gold Kruger-rands—would be deferred for 18 months to see if Pretoria is serious about ending racial dis-crimination. The House version would impose both those measures immediately.

The Senate, in addition, would ohlige the 350 or so American companies operating in South Africa to provide equal bousing and working conditions for blacks and whites under the hitherto voluntary Sullivan principles of 1977. Unlike the House, the Senate would anthorise the minting of a new

Cranston accused sanctions opponents of racism and com-

American gold coin to compete

A number of powerful with the Krugerrand.

Reflecting the passions that recent months to fan the antithe issua has aroused in the U.S., last week's Senate dehate was outspoken and ecrimonious.

Liberal California Senator Alan dential elections, quickly found dential elections, quickly found that South Africa was an issue opponents of racism and compared tha Pretorie government to "tha Nazis of 1939." Rightwing Senator Jesse Halms of North Carolina, who led an unsuccessful Senate rearguard to take sides, have discovered, against the Pill in the words of the civil rights movement of the 1960s. Even conservative whites, when pressed to take sides, have discovered, action against tha Bill, in the words of one Congresssuggested that sanctions would man, thet it is as un-American "lose South Africa to the Soviet to be pro-apartheid as it is to be against eppla pie.

Further fuel has been added by South Africa itself, with its provocative military raids and the stepping np of what is seen in the U.S. as racist repression and police brutality. Mr Reagan has not helped himself by giving the impression in some of his public statements that his sympathies instinctively lie with the white minority.

The widely perceived failure of his policies to produce results has created a vacuum into which political forces have moved from the grass roots upwards — from universities, cities and states divesting their South African holdings, to a Congress with its eyes on the 1986 mid-term elections.

Administration officials have complained that It all has more complained that it all has more to do with domestic politics than foreign policy. Sanctions, they say, will only harden pretoria's resistance and hart black Sooth Africans the most, if they work at all. The 1963 arms embargo only led South Africa to develop its own powerful arms industry; President Carter's Soviet grain embargo was an abject failure; and now, they say, the Europeans and Japanese are eagerly waiting to step into American companies' shoes. Japan, says a State Department official, has already increased its computer sales to Pretoria by 400 per cent in the last two years.

Above all, says the Administration

cent in the last two years.

Above all, says the Administration, the U.S. should be trying to use its links with South Africa to influence events, not wash its hands of them. The sim should not be to reduce the country to the economic rubble of some of its African neighbours, but to foster a healthy economy in which political and social rights can begin to take root. take root.

Whatever its merits, this is a losing argument in the cur-rent political climate. Even if sanctions are likely to have little immediate bite, their supporters believe they will be e sharp warning that American patience is finally running out —both with South Africa and with Mr Reagan's "construc-

Their hope is that, while publicly expressing its contempt for sanctions, a Pretoria that still cares about its international image will quietly hasten the process of change.

### DIVESTMENT CAMPAIGN PUTS U.S. BOARDROOMS ON THE DEFENSIVE

ABUSE and moral outrage are by changes in investment policy regularly heaped in the heads by several states. Irrespective Before the of chairmen of large U.S. of the strength of the legisla-corporations doing business in tion which eventually emerges groups, U.S. of the strength of the legisla-

companies of being 'partners in apartheid, the abhorrent policy of racial oppression hy the government of South Africa.

"We really find this high moralising tone quite offen-sive," protested one angry senior executive. "The notion that we are partners in the apartheid system is beginning to irritate the hell out of

U.S. corporate involvement in South Africa. Suddenly companies are on the defensive, assaulted by the churches, vilified by the trade unions, pll-lored in the universities, and hit suddenly companies are on the defensive, assaulted by the churches, vilified by the trade unions, pll-lored in the universities, and hit suddenly companies are on the defensive, assaulted by the churches, vilified by the trade unions, pll-lored in the universities, and hit suddenly companies are on the defensive, assaulted by the churches, vilified by the trade unions, pll-lored in the universities, and hit suddenly companies are on the defensive, assaulted by the churches, vilified by the trade unions, pll-lored in the universities, and hit

from Washington, the anti-apar-theid movement has at last managed to change the grounds of the debate and to move on to fully

The wathdrawal of 13 universities this year alone from investment in companies doing husiness in South Africa. In 1984, just four universities instituted similar policies.

A continuing build-up of pres-

other states and many cities. Crowing consideration, par-ticularly among the unions, of Both the letter and the response illustrate the dramatic change in the argument over campaigns. These are already
U.S. corporate involvement in south Africa. Suddenly comSouth Africa. Suddenly c

South Africa,

Before the recent breakthrough by the anti-apartheid groups, U.S. corporations had managed to capture and hold the high ground in the apartheid,

Anti-apartheid groups, how
Manuaged to capture and hold the high ground in the apartheid debate by adopting a care
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Manuaged to capture and hold the high ground in the apartheid debate by adopting a care
Manuaged to capture and hold the high ground in the apartheid debate by adopting a careheid debate by adopting a care-fully reasoned, gradualist approach to change in South

This concerted attack has led to:

The withdrawal of 13 universities this year alone from investment in companies doing husiness in South Africa. In 1984, just four universities in stituted similar policies.

Africa.

Withdrawal, they argued, would cause more problems than it solved, intensifying the deprivation of the hlock population it was supposed to help. I present the society could best be assured systaming and creating buildings in these companies. 1984, just four universities in:

Stituted similar policies.

A continuing build-up of pressure on state legislatures to sell holdings in these companies. By the end of 1984, \$1.3bn of public funds had been withdrawn from companies active in South Africa, and similar coloured Baptist minister from 1971 in the so-called Sullivan a legislation is now pending in 25 Philadelphia who is also a legislation is now pending in 25 P

board member of General Motors. Signatories of Sullivan,

Anti-apartheld groups, however, see the Sullivan formula as a defensive mechanism which works to the advantage of the South African regime. "Divestment is the most effective way to tackle the South African regima hecause it relies so heavily on American multipationals to provide multinationals to provide important technology," says Mr Richard Knight, of the

produced by the Investor Responsibility Research Centre, the anto sector.

Whet is harder to estimate is how effective divestment would be against apartheld in

effective the stepped-up divestment campaign has proved so far. It is true that U.S. direct and Coca-Cola are seen by many far, It is true that U.S. direct investment in the country has dropped appreciably — from \$2.6bn at the high point in 1981, to \$2.3bn in 1983—but this trend began with the slump in the South African economy, which, according to Commerce Department figures, has cut average return on investment for U.S. companies from a high point of 31 per cent in 1980 to 7 per cent in 1982 and 1983.

and Coce-Cola are seen by many other investors as moves to reduce their South African exposure—although the companies themselves deny it.

The temptation to take a lower profile in South Africa is made all the more tantalising because for most companies it represents so little of their total activities — less than 1 per cent in 1982 and 1983.

purely financial decision. Per-kin-Elmer, for instance, a high-tech group whose recent withdrawal from the market was presented as a triumph by the anti-apartheid groups, says that it went because its operations were unprofitable. "We were suffering from the strong dollar and low volumes," the company

says. The divestment campaign

in 1982 and 1983.

In this economic environment, those companies that have ment, those companies that have large presence by local South African standards, the invest-

for example, says that South Africa accounts for under 1 cent of its total sales (\$46bn in 1984), while Citicorp, the largest of the U.S. banks in the market, has less than three-quarters of a percentage point of its assets lent to South African interests.

Terry Dodsworth in New York

#### important an element in Macdougall wants to wait and see

"I'm one of those who want to sit back and see what hap pens in the City revolution. Let the other people be the guinea plgs. There will be plenty of opportunities later on."

Time will tell whether Petrick Macdougall's wait - and - see epproach is right. In October be hecomes chief executive of

Standard Chartered Merchent Bank, and as such the man who brave new world shaping np in the City.
Standard Chartered is one of the few banks that has not

hought a stockhroker or jobher —a policy which challenges City orthodoxy hut certainly looks wise in the wake of last week's mass defection from Wadd Durlacher, which Barclays Bank is buying.
"I can't believe that there

is going to he any money in market-making to start with," said Macdougall. "But then there will be drop-outs, and e second wave of opportunity."

Macdougall, who was speak-ing to me from boliday in Connecticut, comes to Standard Chartered with an eye-catching string of credentials. He quali-fied both as a barnister and chartered accountant, and bas worked at Hambros and Rotha director of Jardine Matheson in Hong Kong in charge of their U.S. oil and gas business, He is 48.

**Burgh's timetable** Sir John Burgh, aged 59, who has been appointed next chairman of the court of governors of the London School of Economics, faces a crowded

academic on taking np his new academic role in December. He will replace Sir Hnw Wheldon who is retiring.

Sir John remains full-time director general of the British Council until he retires in two years time. That job involves up to three months foreign travel each year. He is also on the council of the Policy Studies Institute, and secretary of the National Opera Co-ordinating

# **Men and Matters**



The Chancellor wants to come tax by next April"

Committee,

A former LSE student himself, he regards his time at the college as tha formative period of his life. He was president of the union in 1949 before starting a career in the civil service where he became a deputy secretary in the Department of Trade.

bemused the other day to see a British embassy car perche

The reason for the limousine's undignified state was that the tyres had been slashed overnight hy people known politely in diplomatic circles as, "culprits unknown."

It is a euphemism which worthy This time the victim was Alan

and the process of the control of the control of the section of the section of the control of th

Trade.

"Before accepting the LSE chalrmanship I worked out in some detail with Dr Patel (the LSE director) what would be required of me to ensure I would be in Britain when needed." be says.

In turbulent student times the chairman has to act as the

on the pavement with all four tyres missing.

everyone seems to identify with that shadowy arm of officialdom dedicated to carry-ing out dirty tricks on those such

Funess, number two et the British embassy, and his wife. Before leaving Poland for another posting they were making a farewell tour of Roman Catholic friends. Their attendance at a dissident "mass for the fatherland" at a Krakow church may have prompted the unfriendly ges-

Bnt the uniformed policeman who took details of the inci-dent did try to make up for the unpleasantness by wishing them a happy stay in the city.

**Taxing times** 

Rage, bewilderment, avasiveness— they seem to be the feelings engendered in successive generations of citizens when faced with an income tax demand.

New evidence has come to light that nothing has changed since prime minister Pitt first

The Townley Papers, to he auctioned by Sotheby's next week, include his attempts to fill in one of the first tax demand forms. It is even more baffling than the 1985 version. When Townley turns for help to his agent be finds no support for some ingenious ideas for cutting his liability.

The agent replies that he can-

not alter the figures in the tax return because, "I must stick to what I think is right." Townley would be pleased to know that his papers are expec-ted to fetch more than £80,000 at auction.

#### Last frontier

High technology is advancing into some rather grisly areas, Dr Duncan Davies, a former ICI and Department of Industry and Department of Industry
scientist, is busily promoting
nectrotechnology—the application of technology to the business of death.
Davies has heen inspired by
the success of a small British
biotechnology company called
Mariborough Chemicals on Teesside

side. Marlborough is using bugs biotechnology—to make plastics biotechnology—to make plastacs which rot away rapidly in a moist environment. It is a hit expensive for plastic beer bottles but bearabla for some surgical uses. Now Marlborough is selling it to some countries to make biodegradable coffins and shrouds. Davies is taking what be calls "constructive enzymic diges-tion" a step further in California. He has an interest

in a start-up biotechnology venture on contract to Forest Lawn, the famous cemetery.

Just too late One of the highlights of the American Bar Association's cur-rent visit to London will be an excursion to Runnymede.

An earlier American visitor arrived there and asked, "Is this where Magna Carta was signed." "Yes," he was told. "When was it?" "1215."

"Gee, I've just missed it." Observer

Computer 2
Quotations 2

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TIME may finally be running out for the craft print union, the National Graphical Association, in the British newspaper indus

After decades of dictating its terms for the introduction of new technology the NGA has, over the past six months, seen ------ start to alip from its control

The competitive threat presented by the single-union newspaper deals of the aggressively moderate and technology-conscious electricians union, the EETPU, is only the most dramatic recent example of how radically the rules are changing. Tha combination of technological, political and legal change has been unkind to the settled ways of all closed shop-based craft unions in recent years—but none bas more at stake than the NGA.

Its national strategy is now damage limitation. "After several false starts the retreat from Moscow has really begin," as one newspaper industrial relations director puts it.

What are these new pressures on the NGA? It was bad enough that the old enemy Mr Eddia Shah is set to start printing a national newspaper next year outside London without recognising the

NGA.

But the latest news of his single-union/no strike deal with the EETFU for the paper could in time usher in a serious challenge to the NGA throughout the printing industry.

The EETFU, which represents only a handful of electricians on provincial and national papers, has been planning the move into newspapers for some time.

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planning the move into news-papers for some time.

The new electronic and com-puter-based technology suits it down to the ground—with its high-tech image, skill training centres, readiness to support maximum flexibility and to re-cruit on a general union basis.

The NGA, on the other hand, has been the monoroly symplier has been the monopoly supplier of a small and now declining set of skills. And while the print union boasts of its industrial muscle and craft solidarity it is the moderate, consensual, ideology of the EETPU which is probably more in tune with the mobile, white-collar multi-skilled, print labour force of the

Britain's newspaper industry

# All change for a proud union

By David Goodhart



Eric Hammond (left) with Tany Dubbins and Eddle Shah

squeeze far greater concess in the shadow of the Shah

Mr Rupert Murdoch'a Newa International is also preparing itself thoroughly for the confrontational path if necessary, and has had discussions with the EETPU about its own single

• Two medium-sized provincial paper groups have now successfully introduced the "electronic newsroom" without NGA agreement, and a third has just shelved detailed plans to do so, having forced significant concessions from the union.

Direct input or single-keyboarding — journalists and advertising staff sending copy straight to computerised typesetting and by-passing the tradisetting and by-passing the traditional composing room—is the historic issue for the NGA. The union has for several years accepted its inevitability but struggled to soften the impact of the potential loss of over half its 13,000 provincial press members (out of an industry total of 43,000 employees) whan the systems are fully introduced.

The harsh reality is that the computer has deskilled tha NGA compositor and thus reduced his market power. At the Kent Messenger, for example, the management bas

the electricians may not succed in muscling in very far, but the attractions to some empling for years with the NGA members went into dispute in April. Employers Assuming Mr. Shah's paper thrust may force concessions out of the Fleet Street NGA and may encourage other news, and one by a secretary national or provincial papers.

In Fleet Street itself the secretary national or papers now starting to turn thought into the several papers now starting.

The electricians may not succeed in muscling in yery far, but the management bas been paying young secretaries of the management bas been paying young secretaries. A probably dominant faction in the NUJ—led by Mr Jake and hour to input copy since and remain in the NUA. A probably dominant faction in the NUJ—led by Mr Jake and of the NUJ—led by Mr Jake and of the NUJ—led by Mr Jake and with NUJ—led by Mr Jake and of the NUJ—led by Mr Jake and strategy and a pay a compositor \$12,000 a year belief to sustain an 18-week strike at the Portsmouth News and the Protocology than some of the smaller groups.

However, these agreements should be seen in perspective. In a sense they are a sign of the NGA's weakness, merely for malising what has always previously been the case, that thin thin thin thin the NUJ—led by Mr Jake and vidence and strategy and the NUJ—led by Mr Jake to the NUJ—led by Mr Jake and the NUJ—led by Mr Jake to pay a compositor \$12,000 a year for a job that could be combined with, say, selling advertising in protest against the transfer of three NGA members into mathematical mathema The electricians may not succed in muscling in very far, but the attractions to some employers who have been grappling for years with the NGA must be strong. Lagrange with the NGA must be strong. Lagrange with the NGA must be strong. Lagrange may a compositor £12,000 a year does not flop, its competitive thrust may force concessions out of the Float Street NGA for £3,500." They are now and may encourage other newspaper entrepreneurs to start deed.

moves to new plants in the East trial power at its disposal to win End of London are expecting to the best possible terms now. the best possible terms now.
Hence its rejection last year of the provincial employers plans for a new technology

enabling agreement and pro-crastination in the long negotia-tions, with the few companies ready to use the technology. Last the the technology.

Last February, however, the Wolverhampton Express and Star finally lost patiance with tha union's insistence on its own terms and locked out NGA members who would not cooperate with the new systems.

A few week later the Kent A few week later the Kent Messenger took similar action. Tha Portsmouth and Sunderland group bas just won agreement for its tough terms for direct input. The Birmingham Post and Mail is still in the halance. Now every paper that breaks out of the established system makes it excite for those that

follow.

• Even before the EETPU bombshell the NGA had been facing increasingly bitter opposition from both the other print unions—the NUJ and Sogat '82 to its follow the job survival strategy.

The NGA argues that because technology shifts the "keystroke," from their members in the composing room to the

makes it earsier for those that

the composing room to the editorial and advertising departments they should be allowed to "follow the job" in limited numbers into those departments and remain in the

which represents people in distribution, advertising and clerical departments, bas shifted its position to one of outright hostility to the NGA's transfer ambitions. It has been keen for example, to negotiate keen, for example, to negotiate with both Mr Shah and News NGA exclusion deals, and may even consider joint deals with the EETPU.

International on the basis of matic and inevitably weakening transition.

Like previous leaders be has in principle accepted the intro

last year. At that point the union bad successfully seen off the national talks and bad just concluded the Portsmouth transfer deal which it boped would aet a trend through the industry. Four months later the NGA had "lost" Wolverhampton and Kent, had witnessed the four mopth Portsmouth NUJ strike over transfer, and was in danger of sequestration of its assets arising from a contempt of court case brought by the Express and Star.

There bas been some re-cuperation from that low point. Sequestration has been avoided and the NGA leadership has and the NGA leadership has had the psychological boost of winning a one-year "good behaviour" agreement on technology from the big four—Westminster Press, the Northcliffe Gronp, United Newspapers and Thomson Regional Newspapers.

Mr Tony Dubbins general accretary of the NGA, is tha man who has to lead the union through this potentially tran-

the EETPU.

All of these factors high-light the severe decline in the NGA's fortunes from the end of last year. At that point the severe decline in the last year. At that point the severe decline in the last year. At that point the severe decline in the last year. At that point the last year is a severe decline in the last year. At that point the last year is a severe decline in the last year. At that point the last year is a severe decline in the last year. At that point the last year is a severe decline in the last year. At that point the last year is a severe decline in the last year. At that point the last year is a severe decline in the last year. At that point the last year is a severe decline in the last year is a severe decline in the last year. At that point the last year is a severe decline in the last year. At that point the last year is a severe decline in the last year. At that point the last year is a severe decline in the last year is a severe

However his recant inflexi-bility over the terms for its introduction has made some people wonder whether the wily pragmatism for which the NGA was once famed may not have deserted it in its hour of need.
At least in public Mr Dubbins

"We need continually to remind ourselves that of the NGA's 100,000 working members no more than 20,000 work in newspapers. If everyone of them disappeared the NGA would still be 80,000 strong."

Judging by deeds not words

however, the pressure of recent events does finally appear to be forcing some significant retreats on, for example, the insistence on the closed shop in editorial when direct input is introduced. Even job transfer ambitions are being scaled down a little. With

proposed paper. There is no talk of hlacking or picketing the new paper; in fact Mr Dubbins hopes that indirectly -through contract printing -Mr Shah will provide several jobs for NGA colour printing experts.

As the old bine-collar craft loyalty disappears, and the closed shop with it, the ethos of the union has gradually changed to reflect the skills and attitudes engendered by the new-tech environment.

"We have been changing as a union for 10 years to take account of these develop-ments," insists Mr Dubbins. He points to the fact that 50 per cent of new NGA membership now comes through recruitment in non-union establishments rather than the

At least in public Mr Dubblns is still talking tough. He even implicitly contemplates the destruction of the NGA in newspapers before conceding:

"We need continually to remind ourselves that of the NGA's 100,000 working members no more than 20,000 papers may also prove too bitter a pill to swallow.

While Mr Dubbins would probably prefer to negotiate through that too, the ruling national council which bas been shifting to the left may tie his

One reason for that is the feared knock-on effect into the NGA beartland in general print-ing. Industrial relations here have generally been quieter, and the union's muscle less. partly because customers can, and do, take their work abroad if the price is not right. But negotiators on both sides believe that pay levels and atti-tudes to technological change

bave been strongly infinenced by pewspaper practice and NGA officials fear a decline in wages and influence once the union's the big groups—especially talking — realistically enough newspaper aristocrats are United Newspapers and TRN——does not extend to Mr Shah's toppled.

# Lombard

# A question of liability

By John Plender

THE PRINCIPLE of unlimited statutory requirement. Yet part-liability is, for all practical pur-nership is becoming an increasexpected to become optional; the Stock Exchange Council is anxious to limit claims on the exchange's compensation fund before the introduction of nego-tiated commissions in 1986. In the Lloyd's insurance market outside members (or Names) are challenging the principle in the face of opposition from the market authorities. Leading accounting firms, in and out of Britain, are simultaneously seeking to limit their liabilities. as insurers refuse to grant full professional indemnity cover in

as insurers retuse to grant tuli professional indemnity cover in the light of spiralling claims against auditors.

Is this an overdue retreat from an anachronistic vestige of 19th century business practice? Or is it a cynical attempt to bang on to the rewards of conducting financial business while shifting the risks from owners to creditors and from insurers to policybolders? Whatever the answer, it is questionable whether the discipline of unlimited liability, whose survival was presumably intended to reassure clients and inhibit reckless trading, continues to work effectively in the last quarter of the 20th century.

At Lloyd's, for example it is hard to believe that the security

hard to believe that the security which policyholders are said to derive from the supposed readiness of names to stake everything down to the last cufflink is any longer of crucial importance in maintaining confidence in the market Tieblist is less than the confidence in the market like in the confidence in the confidence in the market like in the confidence i in the market. Liabllity is ln practice limited through stoploss policies and other reinsur-ance; and the discipline, bowever harshly it threatens to impinge on outside names, has impinge on outside names, has manifestly failed to prevent overtrading by professionals in the market — as has the regulatory structure provided by Illoyd's itself. Names in the former PCW syndicates could be excused for thinking that unlimited liability appears increasingly to be invoked in the wake ingly to be invoked in the wake of fraud and blatant regulatory failure. In these circumstances the market authorities at Lloyd's impose the ultimate sanction of bankruptcy at their

As for the accounting firms, government is n unlimited liability remains a to bring about.

poses, a thing of the past ln ingly cumbersome form of Britain's banking system. Else-where it is increasingly under-threat. On the Stock Exchange themselves into loose multi-unlimited liability is shortly national federations and are increasingly diversifying away from their basic andit business. There is, moreover, a certain oddity in these guardians of business accountability being exempted from the requirement to disclose the state of their

own finances.

The natural life of partnership and the Lloyd's syndicate has, in fact, been over-extended has, in fact, been over-extended by tax privilege and freedom from disclosure. The result has not only heen to limit account-ability, but to inhibit the intro-duction of fresh capital. At Lloyd's the general issue of unlimited liability is perhaps less important than the specific need for the market authorities to acknowledge their responsi-

need for the market authorates to acknowledge their responsi-bilities to the victims of inept self-regulation. But elsewhere realism dictates a shift towards forms of ownership that permit adequate capitalisation in a period of escalating risk in financial markets.

In the new conglomerate City there would be little sense in encouraging the reintroduction of unlimited liability into bank-ing through the banks' new ing through the banks' new broking and market making subsidiaries. The more complex question is how far, if at nJl, some limitation of liability should he permitted for auditors. With the Government itself seeking redress against the auditors of Johoson Matthey Bankers and De Lorean the hig Bankers and De Lorean the big firms are unlikely to receive a sympathetic hearing for pleas to put a cap on their exposure; and full incorporation does not provide full protection for anyone. Indeed the professional indemnity insurance market is saying, in effect, that the risks may not justify the introduction of new capital into these businesses.

nesses.

No doubt partners' assets are already being transferred into wives' names. This will rein-force 19th century marital values but do nothing to resolve values but do nothing to resolve a 20th cectury business problem. What is needed is for the issue of auditors' liabllity to be properly tested in the courts, instead of being fudged through continual out-of-court settlements. That is something the goveroment is now in a position to bring should

### Liability for unsafe goods

From the Director-General,

From the Director-General, Confederation of British Industry
Sir.—I understand that the House of Commons is shortly to debate the issue of liability for defective products. The CBI welcomes this dehate, at a moment when the UK Government, along with its EEC partners, seems to be on the point of agreeing to a compromise directive which will seriously damage the interests of European industry. pean industry.
I should make clear that

I should make clear that responsible manufacturers want to put only safe goods on the market and have no wish to evade responsibility where they are proved to have been at fault. The CBI accordingly gave positive support to the Government's White Paper of last year which proposed a general duty on business to supply goods which are safe according to sound modern standards. Fallure to do so would expose a firm to criminal and civil

The CBI asks the Government to adhere to the same principles in the European context.
Thus, it is essential that the
EEC directive should enshrine, EEC directive should enshrine, without derogation, a development risk defence—ie, that the producer should not be liable if a dafect in his product could not have been discovered in the light of the scientific and technological knowledge at the time when be put the product on the market.

what is objectionable about the current compromise is that, while providing for a develop-mant risk defence, at the same time it permits any member state to disallow that defence. Moreover, after what is in effect a trial period of 10 years, the member states may agree to remove the defence altogether and, by the terms of the review procedure, are clearly invited

In its present form, the compromise fails on two counts: it will not achieve harmonisation of laws, the original purpose of the draft directive, and will be directly contrary to the UK Government's policy objectives, outlined in 1980, of a common regime embodying a development risk defence. Industry will thus be exposed to precisely that degree of liability in some EEG markets which the Government had declared to be unacceptable. Nor would con-sumers benefit, since although liability would be unlimited, the Insurance cover available to

producers would certainly not.
It would be extraordinary if
this "free-for-all" were to be
the final outcome of five years of negotiation in Brussels. At time when the Government ls taking positive action to relieve industry of unnecessary burdens, we cannot understand

# **Letters to the Editor**

uncertainties with little percep-tible benefit in return. It is not too late to think again and we urge the Government to do so in the interests of sustaining industrial competitiveness. (Sir) Terence Beckett. 103 New Oxford Street, W1.

#### The profligacy of state borrowing

From the Honorary Secretary, Economic Research Council Sir—Lord Killearn (July 8) is right to ask why when govenments borrow from the banking system they "acquire an additional interest charge in the process." Governments raise money for their expenditure through (a) taxation and (b) gennine savings. Any additional expenditure has to be met through borrowing from the banking system at the current

rate of interest. As a result, an increase in the national debt and con-sequently in the interest charges sequently in the interest charges which the Government has to meet ara also increased. If this debt burden continues to increase at present rates, the time will come when all taxable income will be required to meet tha intarest costs.

Historically, the issue of all forms of money was tha prerogative of tha state. It is time we re-examina the present monetary system and adopted a more realistic and scientific system based on real wealth.

Edward Holloway,

Edward Holloway, Park Lane, W1. Nails for 'efficiency'

theorists' coffins

From Mr J. D. Cornjord Sir,—I suppose we should be grateful for the space you allow to debate what some may think to be the purely metaphysical (OED "Fanciful conceits; far-fetched imagery") but as Barry Riley's article (July 6) shows, there is much material to make nails for the coffin of the effi-cient marketers, not least evidence that the market for equities is as other markets; governed by supply and demand, fuelled by fluctuating opinions about the desirability or otherwise of owning the goods on offer. There is certainly no "efficiency" in apy economic sepse involved.

I am quite sure some electronics analysts were reading the signs earlier, or even pointing out the risks while all seemed blue skies, but I'm why it should add yet more equally sure they were out-

weighed by the majority for a time. Would the EM theorists say the latter were no less well informed than the former? Or perhaps they would agree that the majority were just less prudent in their approach to risk. But different levels of prudence would lead to different prices being paid for the same "competently analyzed informa-tion" and cannot therefore be admitted by efficient mar-

The electronics experience ia but one, highlighting whether research to cope with what is undoubtedly a risky industry is adequate. No anti-efficient marketer would disagree that

the risk arising from severe demand fluctuations in a company's market is perhaps the most difficult one to forecast, and where developments might genuinely be called "news" (though people in the industry might disagree about that). However, there have been other cases where, without having to guess market demand, clues to the first the series of the cases to the series of the series the future could be discerned in the balance aheets of subsidiaries or trading partners well before "news" hit the efficient If it is metaphysical, debate

about the EMT ia only so because, as in religion, the sceptic will never be convinced that anything bappens other than by chance, Mr Coulson's monkey (July 2) sitting next to the casino tables, could not tell the difference between one man spinning a roulette wheel, and another tapping out King Lear on a daisy wheel. Only someone who had tried to write a couplet would know that.

J. D. Cornford. Lynwick Street, Rudgwick,

#### A free market in conveyancing

From the chairman, Notional Association of Conveyoncers.

Sir,—May I venture to suggest that Professor Farrand's muted fear of building societies and banks having a "de facto monopoly" in conveyancing (July 9) might be allayed it close consideration is given to the practicalities involved. As a principle activist in the mammoth task of fighting against the solicitors' claim to monopoly over the past 13 years I have a degree of scepticism towards any concept of lasting change that emanates from sources other than the grass-roots. In this instance two main obstacles arise.

money lender's conveyancing departments. Not only would this have to be dope from a very limited group of solicitors but a heavy subsidy from pro-fitable sectors would be essen-tial until the conveyancing sys-tem Itself is reformed by Parlia-ment, Sucb financial subterfuge is likely to be quashed under the Government's conflict of interest controls and meaningful reforms are going to he re-sisted tooth and nail for so long as sollcitors are a major force in conveyancing anyway.

Secondly, the strength of consumers' capacity to withstand any erosion of their rights to freedom of choice nowadays is formidable. Hundreds of bome buyers have consistently resis-ted all manner of devious pres-sure from powerful institutions which, believing that might is right, seem to engulf their transactions. They have won through because of an over-riding preference for indepennation not to be patronised.

Despite the awesome threat of hig brother bodies dominat ing the conveyancing world, I remain convinced that, provided the Government lays firm foundation for fair and bonest competition at the ontset, there cannot really be a valid argument for restricting conveyan-cing services solely to solicitors licensed conveyancers and DIY people. The giants will, in my opinion, soon lose their one-stop-shop appeal as home-buyers find that genuine low cost independent professional conveyancers give a personal service that cannot be surpassed.

David Ashford, 24 Chichester Rents, Chancery Lane, WC2.

Handwriting key to recruitment

From the managing director, Executive Search Sir,—I would go further than Brian Groom or Mr J. J. Q. Fox (Letters, July 8) and recom-mend that no young executive should set out on a carear without the benefit of a psychological or other test to guide his choice. Employers, too, would find tests of great value

in selecting graduate trainees.
There are, bowever, two disadvantages to psychological testing when recruiting more mature executives: the time a candidate must spend to be tested and the cost to the employer on top of the already bigb fees charged by many search consultants.

My company has used graphological reports for nearly 20 years. The necessary samples are easily obtained, the cost is reasonable and the analysis can be most informative to both client and candidate alike. We have thereby avoided many wrong appointments.

First, there is the problem of J. M. Reid. recruitment required to fill the Sa Symons Street, SW3.

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# **FINANCIAL TIMES**

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U.S. PRESIDENT DISPLAYS GREAT RESILIENCE

# Reagan recovering 'superbly'

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

ued to recover "superbly" from Saturday's major surgery as be awaited the results of a cancer test in BeMr Reagan, who stayed up until thesda Naval Hospital, the White House said yesterday.

As Mr Reagan dozed after a rest-

ful night, his doctors said that they were "running ont of superlatives" to describe his resilient condition. It to the White House within five to eight days for a period of convalescence.

due later yesterday, a few hours later than originally expected. Mr Larry Speakes, the White House spokesman, said that Mr Reagan would take time to discuss the speakes are to spoke the speakes are to spoke the speakes are to spoke the speakes are to speake the would take time to discuss the re-sults with his wife, Nancy, and his White House staff before they were

announced publicly.

While the test should provide some indications of Mr Reagan's longer term bealth outlook, his doctors have said that even if cancer is found there should be no need of immediate new therapy, or further surgery. Saturday's three-hour op-eration would probably be "curative

**UK** broker

**Montedison** 

By Alan Friedman in Milan

senting more than £75m

son was placed with U.S. Investors, including an unidentified U.S. chemicals company which is cur-

rently in talks with the Italian

chemicals company over a merger with Montedison's special chemi-

The planned merger is likely to

involve the new Dutch-registered concern set up following the merger

two weeks ago of Montedison's Aus-

imont chemicals subsidiary and

Compo Industries of Delaware.

Montedison controls 88.5 per cent of

the Dutch holding company, which will be quoted on the American

Quilter's husiness represented

Mr Cowell said he did not believe

there was a concerted group of investors - it has already been learned in Milan that the goal of the

Anglo-American share placing, which cost investors between 5250m and \$300m in all, was to frag-

ment the croup's share structure in order to avoid interference in Italy.

Meanwhile, in Itoly, a Communist party Deputy bas called for a parliamentary inquiry into the identity of overseas Montedison sharebolders. The transfer of

Montedison shares out of Italy.

which took place over a three-week

was co-ordinated in great secrecy

by Mediobanca, the merchant bank

fer is already being seen as an at-

tempt by Montedison to break away

from the influence of Gemina, the

holding company

In Italian terms, the share trans

npany which

QUILTER Goodison and Company

a key in

placing

PRESIDENT Ronald Regan continued to recover "superbly" from Sat would need more frequent medical after midnight on Sunday finishing a Western novel - to "see if the but-ler did it", as he told a nurse - was suffering only slight abdominal dis-comfort when he got out of hed, Mr

ight days for a period of convales-ence.

In his latest bulletin, Mr Speakes said that the President's vital signs were in the normal range, the same five-centimetre growth removed as those of a person who had not from Mr Reagan's intestine were had surgery. His temperature was due later vesterday, a few hours lat-

meet later yesterday to review Mr Reagan's schedule for the next three to four weeks, in which he is expected to undertake only light du-ties. Mr Speakes confirmed, however, thet Mr Reagan still planned to meet President Li Xiannian of China, who will be visiting next

With the summer holidays fast approaching, Mr Reagan already faced a relatively low workload in the coming weeks. He was not, in the third in a series of unforeseen



Mr Ronald Reagan

any case, expected to relaunch his campaign for major tax reforms un-

Nevertheless, be will be obliged to delegate more decisions, further increasing the power of Mr Donald Regan, his Chief of Staff, who is acting as the linkman between the White House and the presidential

events that have side-tracked Mr Reagan from the duties of office in recent months, following the furore over his visit to the Bitburg war cemetary in April and May, and last month's 17-day Beirut hostage crisis. For the last three days, his operation has wiped virtually all other news from the nation's TV screens.

Mr Reagan's apparently cheerful submission to the surgeon's knife was expected to lead to a new wave of public sympathy comparable to that which followed his survival of the assassination attempt in March 1981, when his popularity rating jumped 11 percentage points in one day. Most Americans, however, while anxious about tha President's condition, were going about their business as usual yesterday.

As for Mr Reagan himself, by yesterday morning he had put down his Western novel, Jubal Sackett, by Louis L'Amour, one of his favourite authors, and was nodding over Return To These Hills, hy Calvin Coolidge, one of his favourite Presidents. Mr Speakes said that Jubal Sackett was currently number six on the bestseller list, and

# Major reorganisation for STC in wake of ICL acquisition

BY JASON CRISP IN LONDON

STC, the UK electronics and tele-

the London stockbroker which is headed by Sir Nicholas Goodison, changes comes as corporate analysts in London await details of STCs first half losses to be an towards the convergance of computations to be an experience of computations and the convergance of computations to be an experience of computations and the convergance of computations are convergence of computations. chairman of the London Stock Exchange, played a key role in the placing of a block of shares in Montedison, the leading Italian chemicals group which is now onethird owned by a diverse group of U.S. and British investors. Quilter handled around £25m (\$34.7m) of the transfer of shares, which were previously held by Italian banks. but STC hopes the reorganisation new company as an in will demonstrate some of the bene- of its future strategy. fits of the ICL acquisition.

However, the benefits from the The total amount of Montedison changes are likely to be long-term and analysts remain much more shares placed either in the UK or via UK stockbrokers was about 10 per cent of Montedison, repreconcerned about the company's im-mediate problems in telecommuni-cations and electronic components. er six separate groups from the two The rest of tha third of Montedi-

A new company to sell private main companies. These include communications group, has made communications networks has been its first substantial reorganisation formed from existing parts of STC. communications networks has been since it acquired ICL, the computer manufacturer last year. STC is 24 ago, and ICL. The company, STC per cent owned by ITT,

The announcement of the over of about £50m (\$69.4m) with 1000 employees.

nounced in early August following a ter and telecommunications techwarning earlier this month. Confi-nology which was given as the main dence in the group is extremely low reason for the bid. STC sees the new company as an important part

STC says the world market for networks will be worth \$80bn worldwide by 1990 with nearly one quarter of sales in Europe.

main companies. These include ICL's private exchange (PABX) division, a software company from STC, and IAL's Data Communications division. STC Network Systems will be part of ICL – the two companies have otherwise generally approximately ap erally remained separate since the

Mr Nigel Horne, STCs director of corporate development, said yester-day: "Integrated information systems to make our customers both more efficient and more effective will be one of our principal businesses and STC Network Systems is therefore central to our future plans. It will add considerably to the growth of our total business through the additional sales it will generate for products and services from other parts of STC."

# **EEC** farm ministers still in deadlock on cereals

EEC FARM MINISTERS yesterday began their ninth consecutive attempt to agree a reduction in Community cereals prices in an atmos phere of widespread pessimism.

discussions, M Marc Fiscsbach, the Limembourg minister newly installed as president of the Farm Council, looked no nearer a hreak-through than his Italian predeces-

sanction any real reduction in his grains farmers' incomes. Efforts by Mr Frans Andriessen, the Farm Commissioner, last weekend to find

Germany - will be carried through when the new marketing year be-

Although Boon has vetoed this move, the Commission claims it is legally obliged to manage the mar-kets in the absence of a ministerial decision. The price cut is already officially in force for oilseed rape, whose season began on July 1,

Mr Michael Jopling, the UK min-ister, told reporters only a few hours after the meeting began that many of his colleagues had already "accepted the inevitable" that no deal could be done at the current

By Ivo Dawnay In Brussels

After an initial round of hilateral

The deadlock continues to centre on the refusal of Herr Ignaz Kiechle, the German minister, to

Failure to reach a deal today will mean that the Commission's decision to push ahead with a 1.8 per cent price cut - acceptable to all but

Some observers believed yester-day that Germany might agree to be overruled in a vote if certain concessions lessening the impact of the price cut were agreed. But this was later denied by officials.

The Ministers also began consid ering a discussion prepared by the European Commission on reform of the CAP. The most noteworthy ad-fustment to the original version is in presentation, where there has been a marked softening of the combative tone of the original. De-tails, Page 2

cated yesterday that they were not

planning an immediate cut in mort-

gage rates, but they were optimistic

about the chances of a I-point re-

duction from September.

# Pound steady as UK banks cut key rates

THE LEX COLUMN

# Tight corner for the Fed

As signs of a flagging real economy accumulate in the U.S. the presmy accumulate in the U.S. the pressures on Federal Reserve policy seem to multiply. If the latest news of falling inventories is any clue, Thursday's second-quarter GNP estimate will be fairly depressing: yet the M1 measure of money is growing rapidly and the dollar has recently been on the slide. Mr Volcker's chronic difficulty, to be faced yet again in his congressional testiyet again in his congressional testi-mony this week, is to reconcile con-flicting demands for sound money and a reassuring level of activity; this time it will be exceptionally dif-

The most pressing technical difficulty at present is that M1 cannot be brought anywhere near its tar-get without implausibly savage interest rate increases — out of the question unless the Fed is prepared to be made the scapegoat for recession. The overshoot can be to some extent explained by falling velocity in the first two quarters - and it may be that Mr Volcker will just fall back on dismissive remarks. But it is possible that the Fed has decided to raise the target range or, as in 1982, to rebase the figures.

Lifting the ceiling would be dismoney growth has been concentrated in savings accounts - less likely than traditional deposits to fuel consumption. The rebasing option, perhaps more likely, could be de-fended on the more worrying grounds that velocity has been falling chiefly because previous mone-tary relaxation has been feeding into imports.

That is probably the nub of the problem. There is all sorts of evidence that while easier credit has helped the service side of the U.S. economy to bloom, it has done little or nothing for manufacturing, where employment continues to de-cline, and output is still being pulled back. Faith in a recovery later in the year seems to assume that a further dose of the same medicine will have more effect - through a bounce in housing and in the auto industry. It is perhaps most likely to do so if the dollar continues to slide; the monetarist prescription of interest rate cuts has most chance of working if imports are choked off by a depreciating currency.

#### Base rates

UK INTERBANK EURO \* 3mth Sterling interest rates

morning, the discount market was already beginning to scent a further half-point cut in base rates. The Bank's opinion seemed to be that enough was enough. It took ont the money market shortage in dribs and drabs, and it failed to offer the repurchase facility which the discount houses had been hoping for. But, while a further cut before

the next Opec meeting and this week's economy data from the U.S. looks most unlikely there is every possibility of a reduction either at the end of this month or early next. couraging to bond investors, though the end of this month or early next. it could be justified on the view that The pound beld up well to yesterday's move by the clearers and the signs are that other European countries will be looking for a reduction in rates before long. Moreover, if the earliest indications are correct, the next set of money supply num-bers could make pleasant reading. Certainly the Government Broker was in no rush yesterday to replace his exhausted tap.

The news from Armonk has been generally bad this year so yester-day's message on IBM's second-quarter performance, which showed earnings down just 13 per cent to SL41hn, was a source of Roughly a third of the group's issusome encouragement. Having ed equity has been placed by insti-pulled the entire market down with tutions in London and New York its gloomy forecast in the middle of apparently as a way of weakening June. IBM has doine much to rethe control which could be exer-June, IBM has doine much to re-deem its stock by showing its old cised by a single ahareholder. capacity for loss-elimination and in-itiative by taking a stake in MCL. Stockbrokers in London placed roughly 10 per cent of the Italian Meanwhile, the foreign exchange group's equity around Europe and markets have done their bit for the presumably have a highly satisfied Meanwhile, the foreign exchange group's equity around Europe and markets have done their bit for the presumably have a highly satisfied translation of IBM subsidiaries client. If foreign markets can be overseas - though not in time for used to reduce the influence of vest this quarter's earnings. If some bro- ed interests at home, there is no By the time the London clearing kerage houses are still peeved at telling how many European compa-banks came round to the Bank of IBM's failure to meet its earlier tar-nies would subscribe to the idea of kerage houses are still peeved at telling how many European compa-

earnings this year above last year's \$10.77bn, at least at current ex-change rates the second half should make up first half translation

IBM was sensitive enough to remind the world that it is financially sound - which bardly seemed ne-cessary, despite the drain in its cash resources from two poor quarters. The best news yesterday was the bringing forward of deliveries of the new 3090 series to the current of the new 3000 series to the current quarter from November: sales of the 308x have been drying up in the U.S., if not in Europe, in the last two months in expectation. Though IBM may have lost a little of its credibility in the past six months, it does not have to do much more to instify its modest rating of 115 or justify its modest rating of 11.5 or so for this year the removal of direct exposure to satellite losses and the move into long-distance data transmission with MCI are a re-minder that IBM is not musclebound by size.

#### Montedison

London's ambition to become a clearing house of European equities looks less and less far-fetched. In the past few weeks London's stockhrokers have placed substantial quantities of stock in a Spanish telephone utility, a French volume car manufacturer and a diversified Italian chemicals group. The Italian joh – for Montedison – is the most intriguing of them all.

The argument most commonly advanced against the idea of a Eu-ropean securities exchange is that trading practices and institutional structures are simply too diverse to be harmonised. Italy is often held up as the supremely idiosyncratic market which could not be harmo-

Edical eq

me for Fr

# England's point of view yesterday gets and are reluctant to believe in an integrated exchange. sures the pound's value against a basket of currencies and is calculat-Britain's building societies indi-



We took our name from the hilly area of Burgan where once caravans used to stop on their travels in the Arabian Peninsula, and where the first and largest oil field was discovered. So 'Burgan' not only stands for the

country's past tradition, but its present prosperity too. In our case, it also stands for something else, a progressive attitude that is definitely looking to the future. And that's something we believe

is a very important quality in a bank.

dependent on its ability to spot future business potential. Our success is proof of us having that ability. So, if you need a forward looking

bank talk to us. At Burgan Bank we can help with contract or project financing, trade financing, loans, fund management, foreign exchange and a full range of

other financial services. Whichever you need, use us once and you'll never look back.



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#### Continued from Page 1 than envisaged by the Govern-ment's official target range. Mr Lawson said that there was French rates are about 11/2 points growth and falling short-term interlower. It is those differentials that have encouraged a rush of funds into sterling as investors have moved out of the dollar model. The U.S. currency closed in London at DM 2.8770, down 1.3 pfendings, from Friday, while sterling only of the dollar model.

no laxity in monetary conditions at the present time." The narrow money supply measure, Mo: the exchange rate and the housing market all suggested that monetary policy was relatively tight.

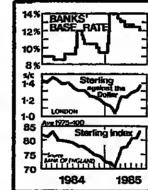
In his evidence to the committee
he appeared to take a rather softer

line than in the past on the question

around 3.5 per cent of Montedison's of British membership of the Eurototal share capital. Most of the Quilpean Monetary System's exchange-rate mechanism. While the balance ter huying appears to have been for UK and continental European fundof advantage was still against, there managers. Mr Adrian Cowell, Quilwere good political arguments for ter's partner in charge of interna-tional business, said yesterday that ull membership of the EMS. Yesterday's base rate cut was led a significant portion of the shares by National Westminster and was were placed through London for

quickly followed by Barclays, Midinstitutions in France, West Ger-many, Switzerland, Austria and land and Lloyds. Base rates are now 2 points below

he crisis level of 14 per cent set during the run on the pound in Jan-



uary, but still remain far above the levels in most other industrialised

Three month D-Mark interest rates, for example, are some 8% points below sterling rates, while out of the dollar, pushing up the gained 0.25 cents to end at \$1.3885 pound's value not only against the dollar but also against European The CBI said yesterday that the 0.2 points lower at 83.2.

the next few weeks," he said.

the dollar recovered briefly but continued it is boped that building then came under renewed pressure societies' rates can be reduced in because of concern over slower U.S. the fairly near future."

4-point cut was a "small step in the right direction." Sir Terence Beck-

#### ett, CBI director-general, added, however, that the recent 14 per cent rise in sterling against the D-Mark might have serious consequences for British exports. "We are hoping for a further sub-stantial reduction in UK rates in that a strong improvement in the

On the foreign exchange markets month meant that if present trends

# IBM profit falls in second quarter

Continued from Page 1

sults for the second quarter and year to date." be added. Had currency rates been the same in the latest first half as in the 1984 period, IBM estimated that its gross income would have been \$1.24bn higher, a gain of 8 per cent, and net earnings would have been \$225m higher, a more modest 7 per cent improve-ment over the 1984 first-half.

third quarter for a number of our customers.

"The continued strength of the dollar remained at its current level, down significantly from the dollar and its impact on currency exchange rates has had significant earnings will have occurred in the negative effect on our reported re-

a negative impact on earnings. While the group said it was receiving good order rates for its high-end while the group said it was receiving good order rates for its high-end storage devices and personal computers, "demand for intermediate systems in the U.S. remains soft."

The IBM president said worldwide shipments for the first six

The third president said worldwide shipments for the first six

The third president said worldwide shipments for the first six

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The third president said worldwide shipments for the first six

irst half of 1985."

quarter, grew faster than sales, saw no signs that the stump in de which increased by 8.3 per cent to mand was ending. ness in the U.S. economy as having a negative impact on earnings.

These gains helped to offset a continued sharp decline in rental reversitions a share, from the latest three months.

The Santa Clara, California-based group, said net earnings fell three months.

These gains helped to offset a continued sharp decline in rental reversitions of the control of the co

# World Weather

Solzhung Sondi
Singapora Surcibolan
Sinsaboun
Sydney Taipen
Taingen
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# **Continental Illinois income slips**

quarter, Reuter reports from Chica-go. The group, however, had re-duced its borrowings from both the Federal Reserve and a special fund-ing group of U.S. banks.

second quarter of 1984.

aged \$481m in the second quarter, against \$965m in the first period. Borrowings from the special funding group of banks fell to an aver-age of \$3.1bn from \$4bn in the first ter earnings were primarily a result

The bank said that Continental's management believed that compari-son of results of the second quarter of 1985 with the second quarter of 1984 was not meaningful because of

econd quarter of 1984.

Blinois Corporation merged with Continental Illinois Holding Corporation, the majority of which is

Mr William Ogden, the bank's of lower net interest income and slightly higher non-interest ex-penses partially offset by non-inter-est income and a lower provision

coma dropped by S8m to \$180m, which Continental attributed to a

# But the company added that if months were higher than last year, per cent stake, yesterday reported

CONTINENTAL Illinois Corpora-tion, bolding company of the trou-bled Chicago bank, said yesterday that net income had fallen slightly in the second quarter from the first

second period was \$37.3m, or 13 cents per share, against \$39.3m, or 14 cents in the first quarter and a loss of \$1.158bn, or \$28.86, in tha

for loan losses Income tax benefits derived from the 1984 loss also were lower, at \$12m against \$15m in the first peri-

decline in both interest rate spread

London 629 8151 : Manchester 228 6752

# SECTION II - COMPANIES AND MARKETS

# FINANCIALTIMES

Tuesday July 16 1985



JUMP IN INTEREST INCOME AIDS BANKS IN SECOND QUARTER AND FIRST HALF

# Profits up for Chase, Morgan

BY PAUL TAYLOR IN NEW YORK

money centre banks, yesterday re-ported sharply higher second-quar-ter and first-half net earnings, mainly reflecting higher net inter-est income spurred by lower bank funding costs and soaring foreign exchange and securities trading profits.

Chase Manhattan, the third larg-

est U.S. banking group, said its second-quarter net income increased by 45 per cent to \$131m or \$2.88 a share from \$90m or \$2.21 a share in the year-ago period. The latest per share figures reflect increased preferred stock dividend requirements and an increase in the number of common shares outstanding.

share from \$103.7m or \$1.16 a share in the 1984 period.

Cooke in new

for Multimedia

\$1.17bn bid

By Our New York Staff

CHASE MANHATTAN and J. P. Chase said its earnings gain Morgan, two of the major New York mainly reflected increased net interest income and other operating income including increases in most fee-based income catagories. These gains were partially offset by increases in other operating expenses and in the provision for possible

The banking group noted that it received about \$13m in pre-tax interest payments on cross-border loans to public sector Argentine borrowers. However, in line with new federal regulatory guidelines, this interest income was offset by an incremental provision for possible loan losses.

The latest quarterly earnings lift-ed Chase Manhattan's first-half net J. P. Morgan, the fifth largest income to \$285m or \$5.80 a share, U.S. banking group, said second-quarter net earnings increased by 51.9 per cent to \$157.5m or \$1.75 a all the bank's minority interest in Diamond Lease of Japan, compared

same period last year. J. P. Morgan, whose principal subsidiary is Morgan Guaranty Trust, said the latest results lifted first-half earnings to \$322m or \$3.60 a share from \$249.7m or \$2.82 a taxes. share in the year-ago period.

grew by 17.2 per cent to \$421.2m from \$359.5m resulting from higher net yields between lending rates and the costs of funds and an increase in interest earning assets to \$58.2bn from \$53.1bn, together with higher non-interest income, primarily trading results.

a year earlier, while other trading income increased to \$31.5m from Diamond Lease of Japan, compared \$3.5m a year ago and net invest-with \$193m or \$4.76 a share in the ment securities gains grew to June

\$24.5m compared with a \$1.8m loss in the 1984 second quarter. J.P. Morgan said these gains more than offset higher non-interest operating expenses and income

er second-quarter and six-month earnings resulted from increases in both net-interest increases in earlier and \$30m in the first period, J. P. Morgan said the provision for credit losses increased to \$90m from \$45m a year earlier and \$30m in the first period, J. P. Morgan said the provision for credit losses increased to \$90m from \$45m a year earlier and \$30m in the first period, J. P. Morgan said the provision for credit losses increased to \$90m from \$45m a year earlier and \$30m in the first period, J. P. Morgan said the provision for credit losses increased to \$90m from \$45m a year earlier and \$30m in the first period, J. P. Morgan said the provision for credit losses increased to \$90m from \$45m a year earlier and \$30m in the first period, J. P. Morgan said the provision for credit losses increased to \$90m from \$45m a year earlier and \$30m in the first period, J. P. Morgan said the provision for credit losses increased to \$90m from \$45m a year earlier and \$30m in the first period of \$10m in th In the latest period, J. P. Morgan ter. For the six months, the provision was \$120m compared with \$90m in the 1984 period.

The bank said the increase in provisions reflected "management's concern about the uneven economic recovery in both the U.S. and

Net charge-offs totalled \$26m in Foreign exchange trading resulted in a \$45.6m gain in the latest period compared with losses of \$12.9m offs of \$12m after \$5m in recoveries in the 1984 second quarter. The resulting reserve for possible loan losses stood at \$665m at the end of

# Federal Farm Credit in bid to rescue Omaha bank

BY WILLIAM HALL IN NEW YORK

THE FEDERAL Farm Credit Sys-MR Jack Kent Cooke, U.S. entrepreneur and owner of the Washington Redskins, an American football tem, which lends about a third of the \$212bn borrowed by U.S. farmers, is mounting a \$435m rescue of the troubled Federal Intermediate team, kicked off with another re-vised offer for Multimedia yesterday, valuing the group at \$1.17bn. This time he sweetened the offer to Credit Bank (FICB) of Omaha which has been hit by the mounting financial problems of farmers in the

\$70.1 a share from \$65, for 40.3 per cent - 6.73m shares - of the South Carolina-based TV stations, cable The FICB of Omaha is one of 12 banks which provides short and and newspapers group.

These shares, together with the
1.62m Mr Cooke and his affiliates medium-term credit to about 370 production credit associations (PCA) which in turn provide workalready own, would give him majoring capital to farmers throughout the U.S. To date, 11 PCAs have colity control. If successful with the new bid, he would extend a cash lapsed causing hardship to thou-sands of farmers and the rescue of and securities offer of the same value as the latest bid to the rest of the Omaha bank, which is the sec-ond biggest in the U.S. farm credit Multimedia's shareholders. In early trading Multimedia's shares rose \$1% to \$62% system, is designed to prevent fur-

Under the proposed plan, banks in the Federal Farm Credit System will inject \$75m in the form of a loss-sharing payment, and another \$75m of potential losses identified by a special credit review would be absorbed by the FICB of Omaha and its associated PCAs utilising

existing loan reserves and surplus. In addition, the Farm Credit System Capital Corporation, which was established earlier this year to speed the rescue of the FICB of Spokane, Washington state, will purchase and service on behalf of the 37 farm credit banks approximately \$240m in high-risk assets from the FICB of Omaha and its re-Finally, the proposed rescue plan loans.

ments of up to \$25m from system banks to underwrite future operating losses (net of earnings) of the FICB of Omaha, as may be re-

The FICB of Omaha has loans of \$1.6bm outstanding to 37 PCAs serving 19,000 farmers and ranchers in Iowa, Nebraska, South Dakota and Wyoming. These states have been among the hardest hit in the U.S. by the current stress in the farm

will provide for loss-sharing pay-

The Farm Credit System is one of the biggest borrowers in the U.S. fi-\$103.9bn of bonds and notes which it used to finance its \$75.8bn of

# Arbed Saarstahl to seek more aid

By Rupert Cornwell in Bonn

ARBED SAARSTAHL, the troubled West German steelmaker, will require further aid this year and next to ward off financial collapse, despite a steady im-provement in its operating performance.
This emerged in a letter from

Herr Oskar Lafontaine, Social Democrat premier of Saarland where Saarstahl is based, which attacked Federal authorities for their determination to give no further direct aid to the compa-

lication of Saarstahl's 1984 results, which show a further heavy loss. The steelmaker showed an accounting deficit of DM 92.4m (\$31.9m) last year compared with a DM 123m deficit in 1983, and comes despite a rise of more than 13 per cent in sales to DM 2.24bn. Its workforce of 14,400 is more than one tenth smaller than 12 months earlier.

The company said that operating losses have continued during ever, in April and May it reg-istered a positive cashflow for the first time since these latest difficulties began and is optimis-tic that the trend will continue for the next few months.

More than DM 3hn in public

aid has been injected into Arbed Saarstahl. Nevertheless, fresh aid will be needed as Herr Lalontaine, a left-wing Social Democrat who led his party to victory in Saarland in last March's state elections, made clear in his open letter to Chancellor Helmut Kohl.

The chances of further support - estimated at up to DM 350m before the end of 1986 - have not been enhanced by the acrimoni-ous exchanges between Herr Lafontaine and the centre-right coalition in Bonn.

# Levi Strauss set to go private again in \$50 a share deal

BY CHRIS CAMERON-JONES IN NEW YORK

maker of jeans, will go private again after 24 years, if a \$50 a share leveraged cash buyout yesterday by members of the founding family is successful. News that Mr Robert Haas, president and chief executive officer of the U.S. group, was considering such an offer, valuing the group at \$1.86bn, last week sent shares climbing and in early trading yesterday they rose 51% to \$46%.

Family members holding 36 per cent of the shares bave obtained commitments for more than S2bn of debt and equity financing for the deal. The remaining family memhers and trusts controlling an additional 4 per cent are expected to support the proposal. At the same time, they reserve the right to prevent a third party from securing control of Levi Strauss.

Mr Haas said a return to family ownership was to "better enable management to focus attention on the long-term interests of the company." Private ownership would be the most appropriate way to ensure that the company continues to re-spect and implement its important values and traditions, he added.

EVI STRAUSS, the world's largest verman of Evans Company described the offer as "well thought out" and one that would not strain the company. As to Levi's outlook, be felt it had closed enough facilities to match demand and would do well, whether private or public.

HHF, a newly formed company being advised by Hellman Fried-man, a San Francisco-based investment bank, will be the vehicle for the deal. Wells Fargo Bank bas agreed to organise and participate in a syndicate that will provide \$1.45bn to fund the offer and an extra \$250m for working capital. A number of major banks have al-ready agreed to provide substantial-ly all the necessary funds, HHF

Salomon Brothers has agreed to underwrite \$300m of subordinated debt to retire existing debt. The balance of the financing will be supplied by the family, who would provide 7m or more of their shares and have obtained a \$300m line of credit to huy shares in the market or through private deals.

Levi's profits have recovered Wall Street analyst Mr Alan Sil- from \$194.5m on sales of \$2.51hn, our operating results."

# Wheeling Pittsburgh sees loss of \$50.1m

WHEELING Pittsburgh, the big U.S. steel company which filed for protection under chapter 11 of the U.S. bankruptcy code in April, lost \$50.1m in its second quarter, almost as much as it lost in the first three months of the year.

The Pittsburgh-based group, which ranks as America's seventh biggest steel producer, shipped 550,002 tonnes of steel worth \$245.6m in the latest quarter, down from 634,573 tonnes, worth S279.1m in the same period of last year.

Operating losses in the latest quarter totalled \$18.5m compared with an operating profit of \$18.7m in the same period last year. The latest period includes a non-recurring loss of \$28.7m for the estimated costs of closing a Minnesota iron ore mine and a coal mine in

Mr Dennis J. Carney, Wheeling-Pittsburgh's chief executive, says that "severe price discounting, restrongly this year as a result of cost and continued high levels of im-cutting after a slide to \$41.4m net ports have had a severe effect on

# Allied advances 17%

BY OUR NEW YORK STAFF

ALLIED Corporation, the diversifiprofits by 17 per cent to \$152m or \$1.61 a share, from \$130m or \$1.37, aided chiefly by a net after tax gain of \$19m. The rise was helped by advances in all main areas except

motor components.

Combined with the \$1m advance in the first three months, half-time profits were up at \$286m, or \$2.98, against 5263m or 52.73 a year

Sales were unchanged at \$5,53bn. ed U.S. manufacturing and chemicals group, lifted second quarter net dipping to \$2.75bn, from \$2.76bn dipping to \$2.75bn, from \$2.76bn

previously,
Mr Edward Hennessy, chairman,
said Allied's second quarter income was a record

Second quarter income included a \$241m after-tax gain on the sale of the group's oil and gas business, offby charges of \$222m related to the closure of the chrome business and the synthetic soda ash plant at

#### Norsk Hydro buys Beda unit

By Fleming Dahl In Oslo

NORSK HYDRO, the Norwegian industrial and energy group, has acquired the fertiliser business of Beda, the West German industrial group, after approval by West German authorities.

Norsk Hydro's new subsidiary in West Germany has nearly 1,700 em-ployees and an annual turnover of about NKr 2.1hn (\$250m). The value of the deal was not disclosed.

### Biomedical equipment venture for France

activities.

BY DAVID MARSH IN PARIS

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g.

FRANCES medical research agen- clude the Soginove venture capital cy inserm is teaming up with finan-cial organisations and industrial Propulsion, the rocket engine makgroups to set up a biomedical in- er which also has image processing struments company, Biocom.

Biocom, with a capital of FFr.10m (\$1.13m) will become operational later this year. Its research activities will be geared towards providing image processing equipment, biotechnology instruments and computer services for the biomedi-

EUROBOND traders were looking

in three currencies, while in the Euroyen market Swedish Export Cred-

it launched the first zero-coupon is-

Meanwhile China made a foray

into the Euro-Hong Kong dollar market through the China Inter-

national Trust and Investment

the Eurodollar bond market, suffer-ing under the dollar's decline, was dull with prices largely unchanged

Corporation (CITIC).

to novelties in the market yest day to provide excitement. Pirelli, the Italian tyre and cable group, co-ordinated convertible bond issues

EUROBONDS

# Ashland agrees to sell **Integon to Southmark**

miums will be set in reference to 99.90 issue price. The deal did not the average share prices over the 15 trade widely in Europe.

gon, its insurance subsidiary, to Southmark, the property management and development The decision to set up Biocom is

Novelty issues lift interest in dull market

Low 99.840

in line with the Government's aim of improving overall French exper-tise in the scientific instrumentation field, where much of the market is taken by foreign companies. The French atomic energy commission earlier this year also set up a commercial biomedical company, Inserna will take a 30 per cent Oris Industrie, to group together its activities in the radiology field.

BHF Bank bond average

the Swiss entity – at a 5 to 10 per cent indicated premium, or into SIP shares at a premium expected to be

The £40m issue is led by Baring Brothers and the borrower is Pirelli UK International Finance. The

up to 2% per cent.

ing under the dull with prices largely under the first in thin trading.

The Pirelli deal was well received in early trading with all three is sues – in dollars, sterling and D. Marks – quoted within their 1½ per concessions. The dollar concessions. The dollar for Pirelli Financial Services, led by Berliner Handels und Frankfurter tank. This has a seven-year life can be switched.

BY OUR FINANCIAL STAFF ASHLAND OIL, the largest U.S. in-dependent petroleum refiner, which several other former U.S. Filter

a life, property and casualty compa- gas exploration and coal.

When it announced its intention

business days starting on July 5, which have already shown a rise. The sterling and dollar issues have

put options after seven years at 105

to give investors some protection if

the equity play proves disappoint-

ing.
The expected zero coupon issue in the Euroyen market was launched by Swedish Export Credit

yesterday, with Nikko Securities (Europe) as lead manager. The is-sue, thought to be for a swap, has a

are not allowed to buy the bonds di-rectly for 180 days. The bonds were

quoted at a one-point discount to

several other former U.S. Filter

ment and development group, for gy by Ashland to concentrate reabout \$157m.

Ashland announced last Septembusinesses of oil refining and marber that it intended to sell Integon, keting, special chemicals, oil and

ny with mortgage guarantee inter-ests. It bought Integon in 1981 for \$238m as part of a larger \$404m ac-quisition of U.S. Filter. Integon, which consists of six in-surance companies operating in 43 states, has 800,000 outstanding poli-cies in force and \$13bn of life insur-

In the long-dated sterling market the World Bank is offering £100m worth of bonds dated 2010 on a

yield margin of only 45 basis points

above the benchmark gilt-edged stock, Treasury 13% per cent

2004-08. Barings will price the issue

on Wednesday afternoon to give a price close to 87%. The issue is part-

Thursday morning.

Margins have fallen steadily in the bulldog market and this is the

finest spread to date. The changes

in taxation of capital gains in the

sterling markets have made buildog issues more attractive, enabling borrowers to cut their borrowing

In the Swiss franc bond market a SwFr 150m public issue for the Eu-

paid and applications open on

NEW ISSUE

These Bonds having been sold, this unnouncement appears as a matter of record only

JULY 1985

U.S. \$100,000,000

### **DFC Finance (Overseas) Limited**

(Incorporated with limited liability under the laws of the Cayman Islands)

11% Guaranteed Bonds Due 1995

Unconditionally guaranteed by

#### **Development Finance Corporation of New Zealand** (A statutory corporation wholly owned by New Zealand)

**Credit Suisse First Boston Limited** 

Algemene Bank Nederland N.V.

Banque Nationale de Paris

**Grindlay Brandts Limited** 

Merrill Lynch Capital Markets

Morgan Stanley International

Nomura International Limited

Westpac Banking Corporation

S. G. Warburg & Co. Ltd.

Commerzbank Aktiengesellschaft

Crédit Lyonnais

ropean Investment Bank will have terms indicated today by SBC. Bank Leu set terms for a SwFr 30m private placement for Nippon Metal at a five-year life with a 5% per cent coupon and 100% issue

portion raises \$50m and is led by Credit Suisse First Boston. It has a 10-year maturity with an indicated and a 4 per cent coupon is indicated to 7 to 7% per cent yield. Coming in converted into the three different converted into the three different to the Hong Kong dollar is the first Euro-Hong Swiss franc foreign bonds were of Societé Internationale Pirelli - on July 25 and the conversion pre- life with a 9% per cent coupon and largely unchanged yesterday.

Citicorp Investment Bank Limited

**Bank of Tokyo International Limited** 

**Banque Paribas Capital Markets** 

**County Bank Limited** 

Daiwa Europe Limited

Kidder, Peabody International Limited

Morgan Guaranty Ltd

The Nikko Securities Co., (Europe) Ltd.

**Orion Royal Bank Limited** 

Westdeutsche Landesbank Girozentrale

Yamaichi International (Europe) Limited

# Rand Mines keeps operating costs down

All three will have final terms set sue. Terms were set at a five-year

UK International Finance. And bonds mature in 2000 and the coupon is indicated between 7½ and 7½ 13.261, giving a yield to maturity of per cent. As well as being converting the two SIP shares, these amount is Y13.50n. Traders report-

per cent. As well as being converti-ble into the two SIP shares, these can be switched into Pirelli SpA ed little interest among European shares, at a premium indicated in investors, and Japanese investors

BY GEORGE MILLING-STANLEY IN LONDON

the impact of higher wages for its working loss to R3.6m (\$1.88m) white miners, according to a June from R8.2m. quarterly report from the South Af- The claim for state assistance has

standing performance, succeeded in. R1.4m to R3.9m.

accordingly been reduced from The East Rand proprietary Mines R9.1m to R6.8m, but ERPM still ma-(ERPM), which produced an out-naged to increase its net profit from

reducing operating costs by 4.6 per In sharp contrast, Durban Roddecent in comparison with the first poort Deep, the group's other state-three months of the year. An in-assisted mine, found that only a both suffered from a sharp decline

quarter's working profit of R166,900 into a loss of R654,000,

The amount of state aid claimed has risen from R316,000 to R1.12m, but this was not enough to prevent a fall in net profits from R1.5m to

THE RAND Mines group kept op- crease in gold production helped small rise of 2.9 per cent in costs in revenue from by-products, main-erating costs under control despite this marginal operation to reduce was sufficient to turn the previous ly uranium. Blyvooruitzicht, which is ap-

life as a gold mine, has ceased uranium production entirely and plans to satisfy all outstanding contracts from stockpiled material, while Harmony has closed one of its three further to bring it into line with de-

proaching the end of its economic plants and may need to cut output New Issue



#### Genossenschaftliche Zentralbank Aktiengesellschaft GZB --- Vienna

(Incorporated in the Republic of Austria with limited liability)

A\$50,000,000 131/4% Bonds due 1992

Orion Royal Bank Limited

**Amro International Limited** 

Citicorp Investment Bank Limited

Morgan Stanley International

June 1985

**Bankers Trust International Limited** Berliner Handels- und Frankfurter Bank Crédit Commercial de France Daiwa Europe Limited Dresdner Bank Aktiengesellschaft Kleinwort, Benson Limited

London & Continental Bankers Limited Nomura International Limited Salomon Brothers International Limited Swiss Bank Corporation International Limited S.G. Warburg & Co. Ltd.

Bank of Tokyo International Limited Banque Bruxelles Lambert S.A. Crédit Agricole **Credit Suisse First Boston Limited** D G BANK Deutsche Genossenschaftsbank Hambros Bank Limited **Kredietbank International Group** Merrill Lynch Capital Markets

Sumitomo Finance International Union Bank of Switzerland (Securities) Limited Westpac Banking Corporation

Rabobank Nederland

Wood Gundy Inc.

This onnouncement oppears as a matter of record only.



# Republic of Finland

Dfls 150,000,000 7¾ per cent. Bonds 1985 due 1991/1995

Annual coupons July, 15

Algemene Bank Nederland N.V. Amsterdam-Rotterdam Bank N.V. Bank Mees & Hope NV Rabobank Nederland Nederlandsche Middenstandsbank nv

Baring Brothers & Co., Limited Daiwa Europe Limited Dresdner Bank Aktiengesellschaft Kredietbank International Group Morgan Guaranty Ltd. Orion Royal Bank Limited

Salomon Brothers International Limited Union Bank of Switzerland (Securities) Limited

Kansallis-Osake-Pankki

Postipankki

Union Bank of Finland Ltd. Bank of Helsinki Ltd.

June, 1985



#### BANQUE SUDAMERIS U.S.\$30,000,000 Floating Rate

Notes due 1987 For the six month period 15th July, 1985 to 15th January, 1986 the Notes will bear an interest rate of 81/4% per annum. Interest payable on 15th January, 1986.

Bankets Trust Company, London

THE NIPPON CREDIT BANK (CURAÇÃO) FINÂNCE N.V. U.S.\$50,000,000 Floating Rate Notes due 1986

Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed THE NIPPON CREDIT BANK, LTD. (Kabushild Kaisha Nippon Saiken Shinyo Ginko)

In accordance with the provisions of the Reference Agency Agreement between the Nippon Credit Bank (Curacao) Finance N.V. and Citibank. N.A., dated July I. 1979, notice is hereby given that the Rate of Interest has been fixed at 8½% p.a. and that the Interest payable on the relevant Interest Payment Date, January 16, 1986 against Coupon No. 13 will be U.S.542.17.

July 16, 1985, London Bv: Ciribank, N.A. (CSSI Dept), Agent Bank CTIBANG

#### INTL. COMPANIES & FINANCE

# **KLSE** plans one-month settlements to lift activity

low, is expected to introduce a one-month settlemeots system next month to stimulate activity.

The move was adopted by the KLSE members at an extra-ordinary meeting over the weekeod, and now awaits the approval of Mr Daim Zainuddin. the Finance Minister, before implementation.

Dr Daim is expected to approve the proposal since he is very concerned over the depressed stock market and has, over the past fow months, taken several significant initiatives to revive the market with-

The measures include asking hanks to lend more money for share purchases, the injection of more liquidity into the sys- depressed buyi tem through a reduction of tive sentiment, commercial banks' statutory The KLSE h

The KLSE Industrial Index

bas falleo from 680 in February 1983 to 469 last week following domestic political and economic problems, including the Bank Bumiputra loan scandal in Hong Kong and the protracted power struggle within the Malaysian Chinese Association, the Chinese partner in the Government. Mr Abdul Razak Sheikh

Mahmood, the KLSE chairman sald details of the extended contract system would be issued once ministerial approval is Under the system clients would be allowed to settle their

sbare orders within 30 days instead of the present week, wblch, traders say, has actively depressed buying and specula-The KLSE has also decided

Foreign investment fund for Bangkok

MERRILL LYNCH of the U.S. ferred ahares worth \$30m for and Cazenove and Co, the Bangkok Investments, a com- and Trust, a Thal securities and pany registered in the Cayman investment concern closely jointly set up an investment Islands that will operate the fund, known as the Bangkok fund through its Singapore- Syndhold for foreigners to invest based investment arm.

The Singapore company First

The That hypkgrage com-

The Singapore company, First Overseas Bangkok Investments,

was iocorporated last November mainly to invest in a diversified

portfolio of securities listed on the Securities Exchange of

THE KUALA LUMPUR Stock reserves and lowering of Interest not to go ahead with the pro-exchange, whose industrial rates, and a han on new public posal to huy 2 50m ringgit index has plunged to a 30-month listings on the exchange. (U.S. 20m) office building for its headquarters, which is pre-sently located on rented

premises. However, a new company, KLSE Realty, has been incorporated to look into the need for a new beadquarters building, Members of KLSE Realty will be the Stock Exchange, its member from and Scans Recognition. member firms, and Scans Ber-bad, the KLSE computerised

clearing house.
On the corporatisation of the Malaysian stock broking indus-try proposed by Mr Dalm, Mr Ahdul Razak said KLSE members bave reached "an informal consensus" on the need to allow Malaysian merchant banks and international stockbrokers to take equity in local stock-broking firms, subject to certain safeguards. The KLSE has sub-mitted its views to the Finance

#### sell Batu Lintang subsidiary

KLK to

By Our Kuala Lumpu Correspondent

KUALA LUMPUR Kepong (KLK), Malaysla's fourth largest plantation group, has announced a restructuring scheme for its Batu Lintang subsidiary, under which it will buy up the plantation assets and sell the company to two units in the empire of Tan Sri Wee Boon Ping, a prominent businessman from tha east Malayslan state of Sabah. The announcement ends months of speculation about Batu Lintang, the share price

Batu Lintang, the share price of which bas risen from just over 5 ringgit to 8 ringgit this year despita a depressed Malaysian stock market. Under the deal, KLK will sell.

Under the deal, KLK will sell 12.76m shares, representing 72 per cent of Batu Lintang, to Kim Chuan Seng Holdings and Kenenam Jayafi for 82.94m ringgit (\$33.4m).

At the same time, KLK will acquire assets comprising 5,570 bectares of estates, a palm oil mill and a rubber processing factory for 103m ringgit.

KLK said the Batu Lintang shares would be sold without the right to the 5.9 per cent taxexempt dividend announced in May, or another dividend of 220 cents gross declared on Friday.

KLK said the deal will increase its own net tangible assets by 16.5 cents per share, and expand the group's plantation acreage.

and expand the group's plantation acreage.

Tan Sri Wee Boon Ping is
attracted by Batu Lintang's
publicly listed status. After the
purchase, Kim Chuan Seng
Holdings will inject two properties into Batu Lintang for
58m ringgit.

#### Advance in interim profits for Kuwait Asia Bank

fund, known as the Bangkok Fund, for foreigners to invest

in Thailand's stock exchange. It is the first of its kind for

According to the announce-

ment made in Bangkok, the two foreign brokers are jointly

INTERIM RESULTS at Knwait \$135m drop in time deposits Asia Bank, a Bahrain OBU with banks was substantially owned principally by Kuwait offset by a \$96m increase in financial and public institutions, show profits after provisions for the six months to June of the six months to June of \$2.52m, an increase of 61 per cent on the comparable 1984 forming a bolding company in figure.

the six months to June of at \$124m.

\$2.52m, an increase of 61 per The bank is in the process of cent on the comparable 1984 forming a bolding company in New Zealand to take over its.

The balance sheet expanded 49 per cent shareholding in by a modest 5 per cent over the 12-month period to \$570m, but loans shot up 34 per cent to second holding company in \$243m, with almost the whole of the increase coming in 1984. A due to open shortly

### American Express Tokyo move

BY OUR FINANCIAL STAFF... AMERICAN EXPRESS, the fast-antumn. Lead underwriter will growing U.S. financial services he Nomura Securities

ties who indicated they would approve the application.

The share offering, which would raise \$474m at current prices, will take place late this

of 1m new shares in Japan if it succeeds in listing its sharea has a market capitalisation of the Tokyo Stock Exchange.

Yesterday's formal announcement that the company would on revenues of \$10.2bm. In 1984 the company reported net income of \$610m ment that the company would on revenues of \$12.9bm following a string of stri

The company recently agreed to sell its 50 per cent stake in Warner Amex, the cable tele-vision joint venture with Warner Communications,

### Hongkong Land in fresh talks on Excelsior Hotel

Bank, has been appointed as adviser for tha fund.

The That brokerage com-munity welcomed the establish-

ment of the fund, which is seen as a potentially hig boost for the Thai capital market and as encouraging foreign inves-

tors' confidence in the kingdom.

laden property group, has aborted an agreement to sell the territory's Excelsior Hotel to unidentified overseas investors for a price believed to be in the region of HK3830m
The company said yesterday
that instead it bad begun
negotiations with other

potential purchasers, but declined to elaborate on reasons for the abandonment of the original deal Bankers in the territory had

HONGKONG LAND, the debt- identified Kuo Oll of Singapore as the probable signatory of the initial agreement in principle to buy the 948-room hotel, reached on June 13. They said Kuo had subse-quently sought a funding-package for the purchase from Standard Chartered and Wardley, two merchant banks operating in Hong Kong.
Hongkong Land Is in the
process of shedding what it
regards as "non-core" assets

#### **Eni International Bank Limited** ECU 135,000,000

Guaranteed Floating Rate Notes due 1992

Ente Nazionale Idrocarburi In accordance with the terms and conditions of the Notes, the rate of interest for the interest period July 16, 1985 to October 16, 1985 has been fixed at 95/16% per annum. Interest payable on October 16, 1985 will be ECU237-99 per Note of

ECU10,000. Agent Morgan Guaranty Trust Company of New York London Branch

This advertisement is not to be construed as a public offering in any province of Canada unless a prospectus relating thereto has been accepted for filing by a Securities Commission or similar authority in such province. The offering is made by the prospectus only, copies of which may be obtained from such of the undersigned and other dealers as may lawfully offer these securities.

Initial Public Offering

\$225,000,000

### LONVEST CORPORATION

11,250,000 Common Shares and

5,625,000 1985 Common Share Purchase Warrants

Offered in Units, each of which consists of one Common Share and one-half of a 1985 Common Share Purchase Warrant which will be immediately separable. Each whole Warrant will entitle the holder to purchase, on or prior to July 15, 1988, one Common Share of Lonvest Corporation for a price of \$23.50.

Price: \$20.00 per Unit

**Dominion Securities Pitfield Limited** 

Wood Gundy Inc.

Nesbitt Thomson Bongard Inc.

Merrill Lynch Canada Inc. **Gordon Capital Corporation** 

McLeod Young Weir Midland Doherty Pemberton Hnuston Willoughby Andras, Hatch & Hetherington Geoffrinn, Leclerc McDermid St. Lawrence

**Burgess Graham Securities** Mnss, Lawson & Cn.

June 1985

Richardson Greenshields of Canada Walwyn Stodgell Cnchran Murray **Bache Securities** F. H. Deacon, Hodgson Loewen, Ondaatje, McCutcheon

Odlum Brown Jnhn Graham & Cnmpany Scotia Bond Company

Burns Fry Levesque, Beaubien **Bell Gouininck** Gardiner, Watson MacDougall, MacDougall & MacTier Osler, Wills, Bickle Mnison Rousseau Tasse & Associates,

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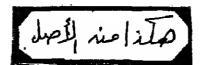
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GMAC 101, 89 IBM Credit 104, 2000 Indust Bk Japan 127, 89 Japan Air Lines 137, 94

Kellogg Coropany 10% Q0 Kellogg Coropany 11% 92 LT.C.B. 12% 91 Macy Cred Corp 17% 95 Mellos Bank 13 87



# INTERNATIONAL COMPANIES and FINANCE

#### FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The

1855<sub>9</sub> 1031<sub>9</sub> = 01<sub>9</sub> = 1 9.85 1027<sub>5</sub> 1033<sub>9</sub> = 83<sub>9</sub> = 132 10.86 1031<sub>4</sub> 1033<sub>9</sub> = 01<sub>4</sub> = 2 10.86 1051<sub>5</sub> 1055<sub>6</sub> 0 = 11<sub>7</sub> 10.89 1115<sub>8</sub> 1121<sub>9</sub> = 01<sub>9</sub> = 15<sub>8</sub> 10.76 STRAGHTS
Amex Credit 10% 00
Arrest Credit 12% 85
Atlant Richild 10% 00
Book of Tokyo 13% 91
BP Capital 11% 92
Canadian Pac 10% 03
Canadian Pac 10% 03 DEJISCHE MARK STRAKGITS ALIEN Dev Bank 0 94 Austra, Republic 74, 94 Backer Travenci 74, 94 Create National 01, 94 Degussa in Fin 71, 94 E.C. 0 92 E.B. 74, 94

Change on day week Yield of the Control of the Cont E.I.B. Tv<sub>e</sub> 94
Escoru 0 09
Forrowe Dello Stato 6 91
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Mitsobishi Hey 3t<sub>2</sub> 80ww
Mitsubishi Hey 3t<sub>3</sub> 80ww
Mitsubishi Met - 01<sub>8</sub> - 03<sub>9</sub> 7.99
- 01<sub>8</sub> - 01<sub>9</sub> 7.99
- 01<sub>8</sub> - 01<sub>9</sub> 2.05
- 01<sub>8</sub> - 01<sub>9</sub> 2.06
2 - 03<sub>9</sub> - 01<sub>9</sub> 2.30
2 - 03<sub>9</sub> - 01<sub>9</sub> 2.30
2 - 01<sub>9</sub> - 13<sub>9</sub> 7.34
- 01<sub>4</sub> - 01<sub>8</sub> - 23<sub>2</sub>
- 03<sub>9</sub> - 03<sub>4</sub> - 3.12
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0 - 03<sub>9</sub> - 63<sub>4</sub> - 3.12
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+ 81<sub>4</sub> + 01<sub>9</sub> 8.39
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SWISS FRANC
STRANCHS
STRANCHS
African Dev 8k 6v. 94
Avon Cap Corp Ste 94
Birk land Cossp 6v. 99
Council of Europe 6 92
Europe 10v Corp 5v. 95
Europe 10v Corp 5v. 92
Gen Occidentale 4v. 94
LC Inchastra 5v. 94
Ind Fund Fin 5v. 94
Ind Fund Fin 5v. 94
Ind Fund Fin 5v. 94
N.Zealand steel 5v. 98
Oberos Kituk 5v. 95
Finison Purina 5v. 94
Santos Finance Lizt 6 94
Tokyo Bec Per 5v. 93

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Schy Pacific 134, 95 SA
Westpac 134, 98 SA
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Chrysler Cred 124, 92 CS
Chrysler Cred 124, 92 CS
Chrysler Fra 114, 95 CS
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BONDS
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Marus 37, 99
Murusta 37, 2000
Nippon Biec 27, 2000
Nippon Di Co 3 2000
Nippon Oil Co 3 2000
Nippon Oil Co 31, 99
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Sony Corp 2 2000
Sumitamo Corp 27, 99
Talyo Yuden 34, 2000
Talyo Yuden 34, 2000
Tokyo Sanyo Elec 37, 99
Tokyo Sanyo Elec 37, 98
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> 112 288

+ 012 - 2.53

- 112 28.30

- 1 26.30

+ 256 1.50

+ 256 1.50

+ 256 1.50

+ 256 1.50

- 216 - 5.21

+ 616 5.16

- 114 - 0.94

- 012 - 1.55

+ 136 - 2.00

- 212 - 0.27

- 214 - 0.27

- 216 - 1.170

- 056 11.70

- 056 11.70

- 056 26.47

- 2 - 2.37

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**DAIWA EUROPE LIMITED** 

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J S R 28-4-89
J S R 28-4-89
J S R 28-4-89
MAYABA 15/2-89
MAYABA 15/2-89
MAYABA 15/2-89
MIT CHEM 20-1/87
MIT CHEM 20-1/87
MIT GAS 20/3-89
MIT GAS 20/3-89
MIT GAS 20/3-89
MITSUI E-5-18/12-87
MIT METAL 10-11-89
MITSUI E-5-18/12-87
MIT METAL 10-11-89
MITSUI PT CHEM 15/2/90
NIPPON MIN 15-5-90
MITSUI PT CHEM 15/2-90
NIPPON MIN 15-5-90
NIPPON MIN 15-5-90
NISMO IWAI 1-2-89
NOBALRA 31/10-88
ONODA CEMENT 10-4-89
ONODA CEMENT 10-4-89
ONODA CEMENT 28/2-90
OSAKA TRANSFORMER 29/1-90
RENOWN 21-1-89
SUMI CONSTRUCTION 24/3/89
SUMI CONSTRUCTION 24/3/89
SUMI CONSTRUCTION 24/3/89
SUMI REALTY 1-1-1-89
TOKYO CORP 26-4-90
TOKYO SANYO B-6-87
TOKYO CORP 26-4-90
TOKYO SANYO B-6-87
TOKYO CORP 29-1-90
TOKAY 53-87
TOYO ENG 28-7-89
YAMAMURA GLASS 8-5-90
YAMAMTO KDGYD 29-1/90
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Fredgy Glock Simon Gal



#### ZENTRALSPARKASSE UND KOMMERZIALBANK-WIEN

(Founded as a savings institution by resolution of the City Council of Victim)

Floating Rate Subordinated Notes Due 1991

accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 15th July, 1985 to 15th January, 1980 the Notes will carry an Interest Rate of 8%? per annum. The interest amount payable on the relevant Interest Payment Date which will be 15th January, 1986 is U.S. \$210.83 for each Note of

Credit Suisse First Boston Limited Agent Bank

# Base Rate Change

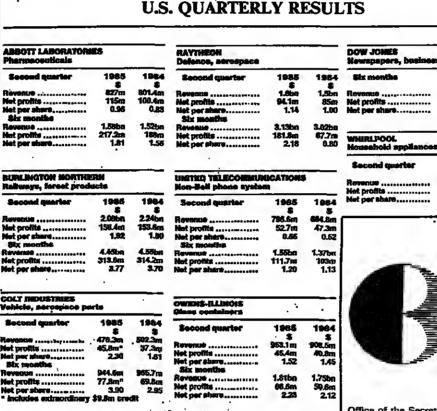
With effect from Tuesday, 16th July, 1985 **Base Rate changes** from 12.50% to 12.00% p.a.

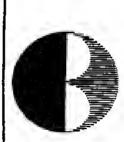
Deposit rates will become: Interest paid half-yearly INTEREST INTEREST 7 days notice 8.75% 6.54% 1 months notice 9,50% 710%

Top Tier £2,500 +

12.00% 8.97% (3 months notice) Cheque & Save - Cheque & Interest £500-£2,499 £2,500 and over 12.50% 9.34%

COMMINGE CONTRACTOR CO-OPERATIVE BANK 89 p.l.c. Bank Head Office: 1 Balloon St., Manchester M60 4EP.





# **Rand Mines Group**

All companies are Members of the Barlow Rand Group

**Gold Mining Company Reports** for the Quarter ended 30th June, 1985

(All Companies incorporated in the Republic of South Africa)

Office of the Secretaries of the undermentioned companies in the United Kingdom, 40 Helborn Vieduct Landon FC1P 1A

# NEWINTERESTRATES

#### **Base Rate**

Decreases by 0.5% to 12.0% per annum with effect from 15th July 1985.

#### **Deposit Accounts**

Interest on Deposit Accounts decreases by 0.5% to 6.25% net p.a. with effect from 15th July 1985.

For those customers who receive interest gross, the rate decreases to 8.36% p.a.

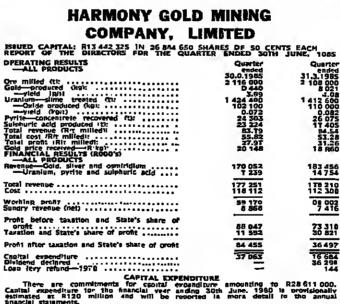
#### **Save and Borrow Accounts**

Interest on credit balances decreases to the above Deposit Rate with effect from 13th August 1985 and interest charged on overdrawn balances remains at 23.0% p.a. APR 25.0%.

#### **Monthly Income Accounts**

With effect from 15th July 1985 the interest decreases by 0.5% to 8.25% net p.a. For those customers who receive interest gross, the rate decreases to 11.04% p.a.





R21 462 R23 241 R24 040

#### DURBAN ROODEPOORT DEEP, LIMITED

ISSUED CAPITAL: R2 325 000 IN SHARES OF R1.00 FACH REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH JUNE, 1985 Gold Drice-R kul-FINANCIAL RESULTS IRBOO'S

For and on behalf of the board.

#### BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL: R6 000 000 IN 24 000 000 SHARES OF 25 CEN15 EACH REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH JUNE, 1085 11 937 2 219

EAST RAND PROPRIETARY MINES,

LIMITED

ISSUED CAPITAL: RS 544 000 IN SHARES OF R1.00 FOCH RSPORT OF THE DIRECTORS FOR THE QUARTER ENDED 20TH Texation and State's share of profit ... 5 257

For and on behalf of the board C. G. KNOSSS (Chairman)

9th July. 1985 GENERAL NOTE i bygges are subject to sudit.

# Brengreen turns in 18% advance to £3m

RECORD FIGURES produced by Brengreen (Holdings), the international commercial cleaning and cleansing services group, in the year ended March 30 1985 are not fully reflected in earnings because of e high tax cherge. In the light of this the directors have taken "a consistent and realistic approach to dividend policy" and are maintaining the final at 0.7p for an unebanged total of 1.4p net.

With the group growing on all fronts turnover for the year moved shead by 19.6 per cent. from £45.67m to £54.6m, and the profit before tax rose from £2.55m to £3.02m, a growth of 18.4 per cent.

from £45.67m to £54.6m, and the profit before tax rose from £2.55m to £3.02m, s growth of 18.4 per cent.

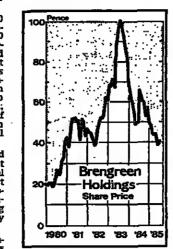
In ths current year, the directors are looking for a "substantial npturn in profits, says the chairman Mr David Evans.

The tax charge against the 1984-85 profit was £998,000, compared with £252.000, and left earnings per share showing s reduction from 3.82p to 3.22p. Tax shows an increase in the deferred charge of same £500.000, and the overall rise of £77—0 also reflects the tax associated with ecquired companies.

Gross profit in the year was up nearly £2m to £12.22m. Share of associates' losses rose from £7,000 to £239,000 while interest and aimilar charges were held at £982,000. Other interest

Minorities absorb £37,000 (£43,000) and there are extra-ordinary charges of £121,000 (£1.53m). This year they represent expenditure incurred and costs relating to mergers; last time the figure in respect of this expenditure came to £641,000 including their in connection with the unsuccessful attempt to merge with Sunlight Services; and there was deferred tax of £887,000 arising from changes in relief available on capital expenditure.

In addition the DHSS has confirmed that all hospital services will be tendered by the end of 1986. The prospect of the GLC and Metropolkan Authorities being disbanded similarly presents opportunities for the group.



being disbanded similarly presents opportunities for the group.

In the chairman's view there is also tremendous potential in the group's recent and complementary acquisition of the Four Setsons Roofing Group. Mr Evans believes the growth will be considerable with sufficient margins to make a significant positive contribution to overall performance.

Brengreen is paying the price for abandoning its policy of capitalising start-up costs—these now all go through the

profit and loss account in the year io which they are made. When the 15-month contribution of £800,000 from the roofing maintenance company. Four Seasons, is stripped out the core business comes down by shout £1m. This confirms bow hard times are in the UK cleansing sector and that overseas expansion takes time to pay off. In particular the now 25 per cent owned Sandi operation is losing beavily—£1m this time—and bas an uncertain future. In the UK office cleaning (Exclusive) is stegnant and the bealth service contracts (Exclusive Health Care) bave not been good enough to prevent the unit running at a loss. Hope for the foture as far as local authority cleansing contracts are concerned depends on the Government green paper that would make tendering a statutory necessity becoming law but this is one year to 18 months off. The good news for Brengreen is that its first major local authority contracts is likely to be renewed this week—the bad news is that Ealing is losing money beavily. For the current year £3½m pre-tax is being forecast by the analysts, which bas the sbares at 40p trading on a prospective p/e of just over the sbares at 40p trading on a prospective p/e of just over 11; not cheap given the lack

### programme under way at PWS By John Moore, City Correspondent

A redundancy programme is under way at PWS Inter-national, the insurance broker, Mr Malcolm Pearson, the group chairman, told shareholders yesterday at the annual general meeting. A few weeks agn PWS an-

Redundancy

A few weeks agn PWS ammounced that its pre-tax profits fur the year ended March 31 1985 were £1.73m, down £235,000 on the previous year's figures.

When the group reported its figures it had said that unforeseen worsening of underwriting results in its Bermudian insurance subsidiary. dian insurance subsidiary, Spectrum had meant that reserves provided for future losses earlier of \$350,000 had proved over-optimistic.

Mr Pearson said yesterday that the situation at Spectrum had not had time to change much, but he said that the group believed that the latest provisions of £360,000 have every chance of being

have every chance or being adequate.

Overseas he said that in New York steps taken to reduce expenditure meant that the office was now trading profitably. The Goernsey office, which replaced the group's Bermuda office, was also trading on reduced

also trading nn reduced outgoings. "Having done what we can to eliminate excess expenditure overseas, we have been looking carefully at what can be done similarly in the UK," said Mr Pearson yesterday. He added that the insur-

day. He added that the insur-ance market's capacity was thrinking mure rapidly than his group had anticipated and sterling was strengthening.

"We have decided that not only can we eliminate some excess expenditure, but that it would also be prudent for us to enncentrate on those areas in which we are most areas in which we are most

"Very regrettably, this means that we are making some redundancies in all departments. In particular, we are ceasing to handle direct husiness from the UK because we do not have a sufficient volume of it in allow us to service it profitably on our highly developed rein-

surance systems."
Mr Pearson said that the subsidiary company director in charge of UK direct basines was taking it to a private firm of specialist brokers in

this area, Messrs Richard Longstan.

He said that the group had decided to reduce its contractors' "All Risk" service, "although we shall continue to handle our releasements. to handle our reinsurance account in this class." Mr Pearson said that he believed that the overall savings would allow the group to cut some 15 per cent off its expense hudget in a full year "without materially affecting our income." He added that the gronn's normal pattern of trading in the past had been to produce a loss at the half

year, "even if we did not do so last year, because at the moment I expect again to be reporting a loss for the six months to September 30. NatWest U.S. surges Second quarter net income of National Westminster, USA, the American sub-sidiary of the National West-minster Bank, rose from \$8.78m to \$14.24m (£10.32m approximately) lifting the figure for the first six months of 1985 to \$26.95m (£19.5m) against \$15.93m.

against \$15.93m.
As at June 30 assets total-led \$8.9bn, compared with \$7.9bn 8 year earlier, while lnans ontstanding rose to \$5.8bn, an increase of 12 per cent from the second quarter 1884 level of \$5.2bn. Deposits increased substantially, from \$6.3hn to \$70n, the directors state

LADBROKE INDEX 938-942 (+9) Based on FT Index Tel: 01-427 4411

CRÉDIT D'ÉQUIPEMENT DES PETITES ET MOYENNES ENTREPRISES up to US\$200,000,000

> For the six months
> 15th July, 1985 to 15th January, 1986
> the Notes will carry an interest rate of
> 7½% per annum and Coupon amount of
> US\$383-33 per US\$10,000 Note, payable 15th January, 1986 Bankers Trust Company, London Fiscal Agent

U.S.\$18,000,000 Serial Floating Rate Mortgage Notes Due 1986 Bankers Trust Company, London Principal Paying Agent

# May & Hassell cut back by £1m loss during second half

A POOR trading environment on the timber side and substantial losses in steel and systems building operations have bit May & Hassell in the second half. The group incurred a loss of £1m and so reduced its profit for the year ended March 31 [1985 to £81,000.

By the end of the year shareholders' funds had slipped from F22.25m to £21.25m, while borrowings had risen by £3.85m to £25.44m. The directors are in effect bolding the dividend at \$3.75p, the final being 2.15p—in 1985.84 the group profit was £3.04m.

Mr P. J. Atley, the group chairman, recalls his remarks at the balfway stage that the out look was hazy. "That baze hid very stormy time." be says now Margins were eroded and enormal reselling prices impossible to attain. This was compounded by a 4½ per cent increase in interest retes.

Due in part to the long-lasting effects of the miners' strike and the severe winter, demand was not even up to the group's compounded by a 4½ per cent increase in interest retes.

Due in part to the long-lasting effects of the miners' strike and the severe winter, demand was not even up to the group's compounded by a 4½ per cent increase in interest retes.

Due in part to the long-lasting effects of the miners' strike and the resulting excess supply baseled to the produced by a 4½ per cent increase in interest retes.

The chairman says that results have also been hit by a £590.00 loss, after interest of £312,000 loss, after interest of £312,000

Natio

West: Bank

| BOARD N   | REETINGS  |   |
|---|---|---|
| TODAY interims:—Alexandem Holdings, ilieh Kidney Pstient Association restment Truet, Domino Printing iencee, Kellock Trust, Ventage curities. Finals:—Biotechnology Invastments, F, Savan, Srunning, HAT, Howden oup, Robert Kitchen Teylor, Multi- ne Electronics, Normans, Reed aculive, Stroud Riley Prummond, pe Estatee, | Interins: Crescent Japan Invest Tst. Guest Keen and Namiciolde New Tokyo Investment Trust Trust of Property Sheres Finals: AAH STS Pracy (Affred) Rexmore Rexmore | July 23<br>Aug 7<br>July 13<br>July 23<br>July 23<br>July 19<br>July 19<br>July 19<br>July 19 |

#### MITSUI FINANCE ASIA LIMITED (Incorporated in the Cayman Islands) .

#### US\$100,000,000. 12¼% Guaranteed Notes Due 1992

NOTICE IS HEREBY GIVEN that pursuant to Condition 7(B) of the 121/2 per cent Notes, US\$1,200,000 principal amount of the Notes has been drawn, for redemption on 15th August, 1985, at the redemption price of 101% of the principal amount, together with accrued interest to but excluding 15th August, 1985.

The serial numbers of the 12%% Notes drawn for redemption are as follows:

|     | 38    | 226   | 460   | 472   | 837   | 902   | 960   | 1044  | 1061  | 108  |
|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
|     | 1244  | 1262  | 1418  | 1498  | 1561  | 1563  | 1575  | 1576  | 1604  | 170  |
|     | 2050  | 2168  | 2286  | 2380  | 2404  | 2518  | 2525  | 2560  | 2668  | 259  |
|     | 2712  | 3013  | 3042  | 3543  | 3568  | 3583  | 3709  | 3802  | 3861  | 421  |
|     | 4256  |       |       | 4567  | 4663  | 4673  | 4811  | 4812  | 4841  | 486  |
|     | 4890  | 4892  |       | 5056  | 5099  |       | 5227  | 5509  | 5629  | 671  |
|     | 5807  | 5857  |       |       | 5943  | 5008  |       | 8123  | 8138  | 617  |
|     | 5218  | 6334  |       |       | 8504  |       | 6606  | 8637  | 6648  |      |
|     | 5659  | 5792  |       | 8808  | 5947  | 6993  | 7033  | 7057  | 7075  | 715  |
|     | 7315  | 7337  | 7343  | 7434  | 7628  | 7642  | 7648  | 7659  | 7732  | 774  |
| 1   | 7763  | 7761  | 8093  |       | 8190  |       |       | 8308  | 8608  |      |
|     | 8864  | 8879  |       |       | 8225  |       |       | 8565  | 9640  |      |
|     |       |       |       |       |       | 10717 |       |       |       |      |
|     |       |       |       |       |       | 11241 |       |       |       |      |
| 1   |       |       |       |       |       | 11859 |       |       |       |      |
| i   |       |       |       |       |       | 12855 |       |       |       |      |
|     |       |       |       |       |       | 13687 |       |       |       |      |
|     |       |       |       |       |       | 14512 |       |       |       |      |
|     |       |       |       |       |       | 15412 |       |       |       |      |
|     |       |       |       |       |       | 16244 |       |       |       |      |
| 1   |       |       |       |       |       | 17423 |       |       |       |      |
| i   |       |       |       |       |       | 18409 |       |       |       |      |
| 1   |       |       |       |       |       | 18956 |       |       |       |      |
| - 1 |       |       |       |       |       | 19467 |       |       |       |      |
| 1   | 12023 | 10111 | 19101 | 12200 | 10393 | 1940/ | 13000 | 19302 | 19810 | 10/9 |

On 15th August, 1985, the said redemption price will become due and payable upon each Note to be redeemed. together with accrued Interest from 20th February, 1985.to but excluding 15th August, 1985 amounting to US\$297.74 per US\$5,000 Note. On and after thet date, interest on the said drawn Notes will cease to sccrue.

Psyment of the Notes to be redeemed will be made on or after 15th August, 1985 upon presentation and surrender of the said Notes, with all coupons appertaining thereto, at the office of the Paying Agents mentioned thereon. After 15th August, 1985 USS80,550,000 principal amount of Notes will remain outstanding.

Mitsui Finance Trust International Limited

# Granville & Co. Limited

8 Lovat Lane London EC3R 8DT Telephone 01-621 1212

Over-the-Counter Market

|   |           |           |                                 |             |           |              |      | P/1        | •     |
|---|-----------|-----------|---------------------------------|-------------|-----------|--------------|------|------------|-------|
|   | Hick      | Low       | Company                         |             | ~         | Grass        |      |            | Fully |
|   | 146       | 123       | Corspany<br>Ass. 9rit. Ind. Ord | Price       | Changa    |              |      | Actual     |       |
|   | 161       | 135       | Ass. Srit. Ind. CULS            | 135<br>138  | _         | 9.9          | 4.9  | 7.5        | e.9   |
|   | 77        | 44        |                                 |             | _         | 10.0         | 7.2  | _          |       |
|   | 42        | 26        | Armitage and Rhodes             | 44xd        |           | S.4          | 14.5 | 7.3        | 9.e   |
|   | 158       | 108       | 9ardon Hill                     | 36          |           | 2.9          | 9.1  | 4.5        | 7.5   |
|   | 64        | 42        | 9ray Tachnologies               | 157xd<br>54 |           | 4.0          | 25   | 15.9       | 20.7  |
| i | 201       | 161       | CCL Ordinary                    | 162         | _         | 3.9          | 9.1  | 7.8        | \$.0  |
|   | 152       | 106       | CCL 11pc Conv. Pref.,           | 105         | =         | 12.0         | 7.4  | 4.0        | 3.8   |
|   | 130       | 10        | Carborundum Ord                 | 130         | =         | 15.7         | 14.9 | _          |       |
|   | 52.       | 93        | Carborundum 7.5pc Pl.           | 88          | =         | 4.\$<br>10.7 | 3.9  | 8.4        | 10.1  |
|   | 73        | 46        | Deborah Services                | 46          | =         |              | 12.2 |            |       |
|   | 457       | 182       | Frank Horsell                   | 457xd       | =         | 6.5          | 14.1 | 4.4        | 7.1   |
|   | 385       | 170       | Frank Horsell Pr.Ord.87         | 360xd       | <u>-s</u> | 1.4<br>11.8  | 0.3  | 11.7       | 15.0  |
|   | 32        | 25        | Frederick Perker                | 26          |           | 11.0         | 3.3  | 5.3        | 11.9  |
|   | 32<br>65  | 33        | George Blair                    | 65          | _         | =            | =    | 7.7        | e.7   |
|   | 50        | 20        | Ind. Pracision Castings         | 20          | _         | 2.7          | 13.5 | 4.4        | 5.9   |
|   | 219       | 177       | lele Group                      | 180         | _         | 15.0         | 9.3  | 6.5        | 12.9  |
|   | 124       | 101       | Jackson Group                   | 106         | _         | 5.5          | 5.2  | 7.1<br>7.1 | 7.1   |
|   | 285       | 213       | James Surrough                  | 235         | +1        | 1e.o         | 9.4  | 7.4        | 7.4   |
|   | 93        | 83        | James Surrough SpcPf.           | 91          | ÷ż        | 12.9         | 14,2 |            |       |
|   | 95        | 71        | John Howerd and Co              | 69          | _         | 5.0          | e.9  | 7.1        | 11.1  |
|   | 225       | 100       | Linguaphone Ord                 | 214         |           |              |      | 7.9        | 9.2   |
|   | 100       | 92        | Linguaphone 10.5pc Pf.          | 94          | _         | 15.0         | 19.0 | 1.0        | • •== |
|   | 850       | 300       | Minihouse Holding NV            | 800         | _         | 9.5          | 1.1  | 26.2       | 24.9  |
|   | 120       | 91        | Robert Jenkins                  | 66          | _         | 5.0          | 7.6  |            |       |
|   | 80        | 28        | Scrutions A                     | 33          | _         | _            | _    | _          | 8.5   |
|   | 92        | <u>e1</u> | Torday and Cartisle             | 75          | _         | e.o          | 9.7  | 3.9        | 6.9   |
|   | 444<br>30 | 325       | Trevien Holdings                | 325         | _         | 4.3          | 1.3  | 19.5       | 1e.2  |
|   | 104       | 17<br>91  | Unllock Holdings                | 30          | _         | 1.3          | 4.3  | 14.e       | 21.0  |
|   | 247       | 219       | Walter Alexander                | 103         | _         | 7.e          | 7.9  | 7.7        | 11.1  |
|   |           | _         | W. S. Yeelas                    | 220         | _         | 17.4         | 7.\$ | 9.3        | 10.5  |

Prices and details of services now evailable on Prestel, page 48148

### Reebok's results show sharp increase

By Martin Dickson

Pentiand Industries bas announced a further sharp increase in the turnover and profits of Reebok International, the U.S. athletic sboe subsidiary which it plans to float at the end of this

The figures were given in a revised preliminary prospectus for the flotation filed with the U.S. Securities and Exchange

This shows that in the six months to June 30, Reebok in the U.S. and its UK offshoots bad the U.S. and its UK offshoots bad a combined turnover of \$105.2m (580.3m), which compared with \$20.6m in the same period of 1984 and \$56.6m in the first four months of 1985. Pre-tax profits totalled \$23.3m, against \$2.8m in the first half of 1984 and \$12.7m in the first four months of this year.

Reebok is a 55 per cent owned subsidiary of Pentland, but new shares to be issued in the flotation will dilute its stake to around 47 per cent and a fundraising sale of shares will bring the stake down to about 43 per cent.

The SEC document shows that in the first balf Reebok profits attributable to Pentland totalled £4.94m, against £540,000 in the same period of 1984.

The offering of shares in the U.S. is expected to start on July 30 and close on August 6. The price of the offer has yet to be fixed, but it is expected to also

Reehok's market capitalisation of over \$200m.

Shares in Pentland yesterday rose 22p on the day, to close at 270p ex capitalisation.

SUNLIGHT SERVICE Group had 3,82m shares (about \$9.37 per cent) of its rights issue taken up by 3 pm on July 10, 1985.

..... 0.75

**NEW ISSUE** 

Sekers Intl.

# Evode up 20% at £1m despite roofing loss

of some 15 per cent.

Mr Andrew Simon, the chair-

of some 15 per cent.

Mr Andrew Simon, the chairman, who with members of the family owns some 42 per cent of the group, declined to give a dividend forecast. However, in the recent past Evode has followed interim increases with rise of at least as much in the final—last year a final of 1.9872p (1.728p) was paid from taxabie profits of £2.31m (£2.53m).

For the 26 weeks to March 30, 1985 turnover pushed ahead from £24.98m to £31.14m and profits before tax from £910,507 to £1.1m—the group manufectures adhesives and jointing compounds.

only around 20 per cent of capacity.

Ths bas now been improved to 60 to 65 per cent and with some marginal changes the directors hops it to be fully operational by the end of the 1935-86 year.

Stafford Roofing and Tiling did not achieve its planned profits and as a result certain activities have been integrated inin Evode Roofing: the remainder have been closed down.

In the paints and plastics division there was a substantial division there was a substantial first-time contributions from Wortalls and Carters both of which performed satisfactorily.

Approach to

Noble & Lund

Corre- Total sponding for at div. year

div. 0.7 2.3

2.3 3.64\* 0.82 2.55\* 2 1.63 1

0.5

0.75

Sepl. 26 Aug. 27 Sept. 12 Oct. 3 Oct. 16

Aug. 27

Dividends shown pence per share nel except where otherwise stated.

\* Equivalent after allowing far scrip issue, † On capital increased by

rights and/or sequistion issues. PUSM stock. Unquoted stock. Final of 4.2p forecast.

Noble & Lund, the Gatesbead-

Mr David Evans, chairman nf

DESPITE somewbat patchy demand in certain sctivities during the second quarter the Evode Group saw its pre-tax profits for the opening six months improve the opening six months improve by some 20 per cent.

And in view of the group's need to improve the return to abareholders the directors are lifting the interim dividend from 0.81834p to 0.94p net, an increase of some 15 per cent.

Mr Andrew Simon, the chair
The roofing and insulation division improved its turnover by favore by favore by favore the profits of \$103,000.

The sector increased sales and profits the concentration of the build following the implementation of the sector increased sales and profits the concentration of the build following the implementation of the sector increased sales and profits the concentration of the build following the implementation of the solid ing supplies and do-ityourself the first stage of retionalisation. The second stage, currently being carried out, will not affect profits until the next financial year.

Interest charges for the first to restore profit margins through to severely squeezed, not least by acctor increased sales and profits the concentration of the build following the implementation of the second stage. currently being carried out, will not affect profits until the next financial year.

Interest charges for the first to restore profit margins through the implementation of the solid ing supplies and do-ityourself the following the implementation of the solid ing supplies and do-ityourself to businesses in the bands of large currently being carried out, will not affect profits until the next financial to restore profit margins through the implementation of the following the implementation of t as quickly eroded in the attempt to maintain volume against competitors. Better prospects for profits growth seem to lie in the Tekurat Insulations plant, which is now operating at 65 ner cent of capscity. The roofing business in any case is seasonal and will have a much better second balt. Paints and plastics is looking strong the one fly in second ball. Paints and plastics is looking strong, the one fly in the ointment bere being the Irisb operations which are unlikely to improve in the sbort term. For the full year, £3m is probably realistic. The shares were down 3p at 112p yesterday, which has them on a prospective

# Bowater's £5m Butterfield deal

BY MARTIN DICKSON

Noble & Lund, the Gatesbead-based engineer and machine tool maker, said yesterday that it had received an spproach which might lead to a recom-mended offer for the company. Noble shares closed following the news at 25p, up 5p on the day, giving the company a market capitalisation of £1.4m. Results released in March Results released in March showed that the company turned round from a £570,000 loss in 1983 to a £59,000 profit

Bowater Industries has paid new ordinary shares, the drum manufacturing subsidiary of engineering group Butterfield over earlier this year by Techengineering group Butterfield over earlier this year the would be aggregated sed on the Stock Exchan stock held by Butterfield-Harvey. deterred by the cost of disposal.

Bowater bas financed the cash 

It bad therefore decided to 2,049 hold 500 or fewer, under sequisition by the issue of 2m introduce a once-only oppor- 7 per cent of the total in issue.

# Low & Bonar has 25% of Cole

BY ANDREW ARENDS

ties manufacturer, increasing its plastics, stake from around 15 per cent in just under 25 per cent.

plastics.

Mr Jai
being the

Low & Bonar, the Dundee-based packaging, engineering, lsunch s full bid, for Cole, which investment Company disposed of textiles and travel group has is currently fighting off a £6m its 10.17 per cent bolding in purchased a further 299,000 all sbare bid from Hartons, a shares in Cole Group, the plas-

just under 25 per cent.

Low & Bonar has been building up its stake in Cole for the last few weeks.

Mr Roland Jarvis, Low & Bonar's chief executive said yesterday that the Cole stake was terday that the Cole stake was "a solid strategic investment."

Mr Jarvis said, bowever, that being the largest single share bolder in Cols left Low & Bonar with "all the options open."

He said that Low & Bonar had collected up its latest hlock of Cole shares in the market last Friday, though be declined to say bow much it bad paid.

It was also announced yester.

15th July, 1985

Mr Jarvis said, bowever, that

the 7p on the day at 225p valuing the company st £6.75m, yesterday Low & Bonar shares closed unchanged at 245p.

**IRELAND** U.S.\$50,000,000 Floating Rate Notes due July 1992

In accordance with the provisions of the Notes, notice is bereby given that for the six meaths interest period from 16th July, 1985 to 16th January, 1986 the Notes will carry an interest rate of 8 per cent per annum. The relevant Interest Payment Date will be 16th January, 1986 and the Coupon Amount per \$500,000 will be \$21,402.78.

Bank of Taken

Bank of Tokyo International Limite Reference Agent

cement appears as a matter of record only.

# Marubeni Finance N.V.

Zero per cent. Guaranteed Bonds 1995

The Fuji Bank, Limited

Kidder, Peabody International Limited

Fuji International Finance Limited Kleinwort, Benson Limited

Algemene Bank Nederland N.V. Citicorp Investment Bank Limited

**Daiwa Europe Limited IBJ** International Limited **Morgan Stanley International** Okasan International (Europe) Limited Swiss Bank Corporation International Limited

**Banque Paribas Capital Markets** Crédit Commercial de France Dresduer Bank Aktiengesellschaft Morgan Guaranty Ltd The Nikko Securities Co., (Europe) Ltd. Salomon Brothers International Limited

The Taiyo Kobe Bank (Luxembourg) S.A. Union Bank of Switzerland (Securities) Limited Yamaichi International (Europe) Limited Yasuda Trust Europe Limited

**Guaranteed Floating Rate Notes** Due 1996

iberpistas

For the six month period 15th July, 1985 to 15th January, 1986 the Notes will bear an interest rate of 84% and e coupon amount of U.S.\$223.61 payable on 15th January, 1986.

DIVIDENDS ANNOUNCED

Current

U.S. \$100,000,000

unconditionally and irrevocably guaranteed by

Issue price 39.15 per cent.

Nomura International Limited

Bank of Tokyo International Limited

# Triplex checked by building side

A DOWNTURN from 1909,000 to £294,000 in the huilding components sector of Triplex more than offset improvements made in the foundries and engineering divisions and left the taxable figure for the year ended March 31 1995 behind at £620,000 against £776,000.

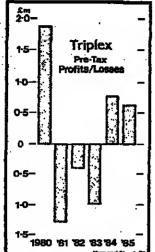
Mr Lewis Robertson, chairman, reporting on the "second full year of stremuous recovery," says the year's result, aithough lower, was a "solid profit" hat it

says the year's result, although lower, was a "solid profit" but it did not do justice to a further year of aubstantial improvement and progress.

In the 1962-63 year, including redundancy costs of £117,000, the group suffered a pre-tax loss of £992,000.

£992,000.
The foundries sector rose from £321,000 to £471,000 for tha year, while the engineering side rose by almost 125 per cent to £437,000 (£195,000), and the directors confidently expect further improvements in the current year.

Borrowings were reduced to £4.2m at the year end (£5.1m)—they were at their peak in 1983 at virtually £7m—while shareholders' funds stood at £5.1m (£4.4m). Gearing improved to 82 per cent, compared with 116 per cent a year-earlier. Having regard to a slowly improving balance sheet and to the prospects of recovery in 1985-85, the dividend has been lifted from 0.5p to 0.75p per share.



Mr Lewis Robertson, chair-man of Triplex

major operational problems of the group have now been tackled. The foundry operations have been transformed, and there is further benefit to come, while the engineering companies have been streamlined and are improving balance sheet and to
the prospects of recovery in
1985-88, the dividend has been
lifted from 0.5p to 0.75p per
share.

Mr Robertson says that tha

Mr Robertson explains that the high operating figure of the pre-vious year reflected a combina-tion of favourable circumstances. The adverse swing this time was a consequence in part of the reversal of those same circumstance, compounded by VAT

External sales dipped from £28.17m to £26.71m with the cost of sales taking £21.02m (£21.65m). Gross profit of

open a further 20 Terry's hranches before Christmas, which will increase the group's total number of outlets to 180.

The full purchase consideration for Terry's (which retails popular priced jewellery) has been paid as its performance was on to expectations for 1982.85

op to expectations for 1984-85. Ratners continues to share in the

distribution costs of £1.58m (£1.59m) and administrative expenses, £2.91m (£3.5m), and the pre-tax figure was after lower interest charges of £582,000 against £649,000.

comment Triplex may have come back from the dead, but it is not yet fighting fit, as these figures demonstrate. The collapse in profits from the building components division was due in part to changes in VAT and to a general shortage of large ponents division was due in part to changes in VAT and to a general shortage of large contracts which were beyond the company's control; howaver, the extent of the damage was disappointing and does not inspire much confidence for the future. Conditions in the double glazing market are expected to remain tough this year, and despite a pick up in the order book at Hiochliffe the division will not make as much as it did in 1983-84. Meanwhile further small improvements can be expected in the new lean foundries division and from the remaining engineering companies. Gearing should continue to fall by a further 20 per cent or more this year, harring a rights issue or the acquisition that the company hints could be up its sleeve. After a lower interest charge, pre-tax profits may he £1.1m, which, with no tax payable, would make for a p/e of 3, with the shares at 36p. That is not too demanding by anyone's standards.

activities, by getting rid of the Dutch operation, cutting back on manufacturing and selling the opticians business; to change the product lines in favour of a sharper, more fashionable and cheeper ranges and to expand according to the parallel expansion formula by opening new

scotting to the parallel expan-sion formula by opening new branches of Terry's. There is still a good deal more to be gained from this new direction. Sales

are now a quarter higher than this time last year, and with overheads fixed, much of that should fall through to the bottom line. Stock is being turned over faster, so that despite the payment made for Terry's group herrowings.

#### **Substantial** margins increase at Sekers

SIGNIFICANT improvements in

SIGNIFICANT improvements in gross margins have contributed to a healthy increase in 1984-85 profits at Sekers International, maker of furnishing and npholstery fabrics.

While turnover rose by 19 pet cent to £18.28m (£15.35m), operating profits for the year to March 31 were up by 78 per cent from £1.08m to £1.92m.

After interest charges of £588.000 (£534.000), pre-tax figures came through 144 per cent higher at £1.33m, against £545.000. The directors say the results represent further evidence that the expensive and painful changes which have been effected in recent years are now bearing fruit.

With stated net earnings per

bearing fruit.
With stated net earnings per 10p share ahead from 5.03p to 8.88p, the final dividend is raised

continued their sales growth, both in the home market and overseas. The development of new export markets has been a major feature in this growth.

Yorkgreen holders asked to accept bid

The independent directors of Yorkgreen Investments, tha industrial holding company yesterday called on its remaining shareholders to accept the offer from Talbex, another holding company, which has already gone unconditional.

The Vorkgreen directors who

gone unconditional.

The Yorkgreen directors, who together hold 8.7 per cent of Yorkgreen shares, said they had accepted the offer and they added it was not in other shareholders' interests to remain as minority shareholders. Yorkgreen and Talbex share a common chairman in Mr David Green.

# Ratners continues recovery with £2m

IN A busy year which witnessed tha acquisition of Terry's (Jewellers) and the disposal of the ophthalmic opticians husiness, the Rainers (Jewellers) group has continued the recovary started in 1983-84.

For the year ended April 6, 1985 turnover has expanded from £27.6m to £32.3m, and the profit before tax was donbled to £2.14m. The year before the group was in loss.

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And as to the current year, tha directors look forward with optimism to a satisfactory outcome, given the present level of husiness and trading prospects.

Mr Gerald Ratner, managing director and chief executive, says the new merchanting and marketing strategies introduced in the second half of last year have benefited the trading performance significantly in the current year. And plans are to

Ratners continues to share in the fortunes of the opticians business through concessiun agreements. After tax £805,000 (£307,000) the net profit for 1984-85 came out at £1.33m (£76,000). This equalled earnings of 4.44p (2.56p) per share, and members receive a final dividend of 1.83p to lift the total from 2.3p to 2.5p, costing £762,000 (£683,000). comment

Ratners' new managing director is acting out the textbook example of how to turn round a loss-making retailer, and the results after a slight disappointment at the interim stage are now coming through as tha theory would suggest. Tha policy has been to close down fringe

so that despite the payment made for Terry's, group horrowings are lower than last year. The plan is now to become the largest jeweller in the country, and if Ratners can make £3.5m this year, the gap between it and Samuel will start narrowing dramatically. On that forecast, and after a 37 per cant tax charge, the shares at 80p are on an earnings multipla of 12, which seems low by sparkling retail seems low by sparkling retail

been acquired.

# **National** Westminster **Bank PLC**

NatWest announces that with effect from Tuesday, 16th July, 1985, its Base Rate is decreased from 12.50% to 12.00% per annum.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to NatWest Base Rate will be varied accordingly.

41 Lothbury London EC2P 2BP

Notice is hereby given that an Annual Ganeral Meeting of the Shareholdera of QUADREX SPECIAL SITUATIONS N.V. will be held at the office of the Company, De Ruyterkade 62. Curacao, Netherlands Andlles, on August 7, 1985, at 10:00 hours (local time) for the outpress of

(local time) for the purposes of:

1. Considering and approving the financial statements of the Company for the fiscal year anded December 31, 1984 and datermining whether a dividend should be

1984 and datermining whether a dividend should be peid:
Approving, ratifying and coofirming the return from surplus capital (without using coupons and without using the facilities of the paying agent) of U.S. 57.177,485 of capital to the holders of the registered and bearer Class 6 sheres of Capital Stock of the Company (equat to U.S. 5281,47 per share). (all as previously adopted and approved by the Menaging Director of the Company, on May 7, 1985);
Approving, ratifying and confirming the actions taken by the Managing Director of the Company in connection with the offar for the whole of the shere capital of R. P. Martin p.L.c. (the "Offer") by Quadrex Holdings Limited, a wholly-owned subsidiary of Quadrex Holdings (Curacao) N.V. and the Company; Approving, ratifying and confirming the dalivery by the Compeny of 1,000,000 ordinery £t shares in Quadrex Holdings Guarcao) N.V. as pars of the restructuring of the holdings of shares in Quadrex Holdings Limited (all as previously adopted and approved by the Managing Director of the Company on May 7, 1985).

holdings of shares in Quadrex Holdings Limited (all as previously adopted and approved by the Managing Director of the Compeny on May 7, 1985):
Approving, ratifying and confirming a Managament Agreement, dated as of September 19, 1984, as amended effactive as of Mey 6, 1985, between the Company and Quadreconomics A.G.;
Approving and adopting an amendment to Article 10, Paragraph 1 of the Articles of Incorporation of the Company such that notice of general meetings of shareholders of the Company shall be required to be published only in a nawspaper of general circulation in Curação and in Luxembourg; and Transacding such other business as may properly coma before the meeting.

Luxembourg.
Holders of registered shares may vote by proxy by means of a form of Proxy, ubtained and filed in the manner described

From July 16, 1985, until the date of the meeting, copies From July 16, 1985, until the date of the meeting, copies of the following documents will be available for inspection by shareholders of the Company at Kredlatbank S.A. Luxemhourgeolse, 43 Boulavard Royal-2955, Luxembourg, Luxembourg: (i) the relevant resolutions adopted by the Managing Director of the Company regarding items 2, 3 and 4 of the meeding's agenda; (ii) the financial statemants of the Company for the fiscal year anded December 31, 1984; (iii) the Management Agreement, dated as of September 19, 1984, as amended effective as of May 8, 1985, between the Company and Quadreconomics A.G.; and (iv) a memurandum from Quadreconomics A.G. to the Company regarding the Offer.

Curacao, July 16, 1985

#### COMPANY NEWS IN BRIEF

CLARKE NICKOLLS AND taneously with the 11 per cent stock.

Checker and carnival novelty maker, to Hovells for fl.1m cash. For 1984 Smith incurred pre-tax losses of £67,000 with tangible assets at the year for £320,000 cash. Net assets of wholly unconditional amount to some £250,000.

With a view to ensuring an orderly transfer of control to Stormgard, so as to safeguard containers (Holdings), corrugated hoard packaging maker, follows Stormgard's announcement that its offers for Selin-court are wholly unconditional. with tangible assets at the year end of £1.98m. Clarke and Rown-tree Mackintosh each own 50 per cent of Smith.

SECURIGUARD is paying an extra £250,0000 on the acquisition, announced last February. of Consolidated Safeguards. Initial consideration was £1,75m subject to an adjustment up to a maximum of £2m on pre-tax profit performance. Audit for the year ended December 27, 1984, has been completed and the second and final payment has fallen due, which will be satisfied by shares.

AE is to suhmit to the holders of the outstanding £4.5m of 11 per cent debenture stock 1991-96, a proposal for the early redemption of the stock at par. In addition, AE intends to redeem at par, the £1,973,322 of 64 per cent debenture stock 1980-85 and the £108,662 of 74 per cent dabenture stock 1980-85 currently ontstanding. The other stocks, standing. The other stocks, is about the which are otherwise due for final SELINCOURT and its advisers 1.49m redemption on September 30, have held discussions with the in Diagram, will be redeemed simul-board and advisers of Stormgard, each.

GR HOLDINGS is making a tender offer for up to 850,000 of its shares at a maximum of 2772 per share. The tender opens July 16 and closes at 3.30 pm on July 27. It is not the directors current intention that within the next 12 months the company should stand in the market for any particular period or until any specified number of shares has been acquired.

GEORGE DEW has an unchanged interim dividend of 2.3p despite boosting taxable profits from £10,000 to £473,000 for the half year ended April 28, 1985. Turnover of this civil engineer improved slightly from £15.8m to £16.24m, but with a low order hook the directors feel that turnover for the 12 months will show over for the 12 months will show a reduction. Earnings per chare at midterm expanded from 1.3p to 4.5p after tax of £116,000 (£93,000 credit).

CONSULTANTS (Computer & Financial) has acquired the New York based hanking software specialist Ultimate Data Systems (UDSL). Costs will be satisfied by the issue of shares in CCF, the number of which will depend on UDSL's performance. Based on projected pre-tax profits for the two years ending June 30 1987 of \$225,000, con-sideration will amount to 120,000 CCF shares.

DDT Group and CPU Computers have reached agreement for DDT to acquire from CPU and its wholly-owned subsidiary LSI Computer Ancillaries the whole of the share capital of Haradash, which has been specifically formed for this transaction. Haradash has acquired the business of LSI's systems maintenance operation. The considerais about £2m, to be satisfied by is about £2m, to be satisfied hy 1.48m naw ordinary 5p shares in DDT, to be placed at 135p

# Tace expanding in U.S. with £7m acquisition

BY RICHARD TOMKINS

TACE, a manufacturer of metal detection and precision measur-

detection and precision measuring equipment, is to huy Anderson Instruments, a leading U.S. maker of air pollution mooitoring equipment, for \$9.52m (£6.9m). The acquisition will be partly financed through a one-for-nine rights Issue.

At the same time Tace reports a pre-tax profit of £1.33m in the six months to March 31 against £1.02m last time.

Earnings per share fell to 7.7p (8.1p) following a sharply higher tax charge of £593.000 (£521,000). The increase is caused by an exceptional tax credit of £188,000 in 1984. Minorities also rose to £249,000 (£161.000).

Anderson's operating profit in

Anderson's operating profit in the year to January 31, after interest hut before expense items and tax, was £2.63m. This was before charging £420,000 for the amortisation of intangihle fixed assets of husinesses previously acquired.

The three months ending April

half pre-tax profits to £1.25m (£943,000).

Anderson supplies air pollution monitoring and sampling equipment to goveroment and industry in the U.S. It also exports 20 per cent of its products.

Tace saiys Anderson is a progressive organisation with a cexcellent range of products in an acea of iocreasing international coocern, and the acquisition will strengthen the group considerably.

per cent stake in Goring Ketr, a Tace subsidiary, for £3.2m, and through a one-for-nine rights issue at 425p a share which will raise £2.9m after expenses.

Tace's sale of 600,000 shares in Goring Kerr will reduce its stake in the company from 62.5 per cent to 52.5 per cent. Goring Kerr is a listed company which was floated off by Tace two years ago. Last week it announced an increase in first half pre-tax profits to £1.25m (£943,000). ments has been extended with a new model which can measure down to one ten thousandth of an toch. The development of an toch. The development of these subsidiaries is responsible for a slightly disappointing result: some forecasters had expected something nearer £1 5m hut the write-off oo development costs has dampened the interim figure. The new acquisition hlends exceliently with Tace's existing interests, and particularly with Goring Kerr: both are in the pollution control husiness and the synergy resulting from the takeover will enhance their prospects for growth io any swe. The silk menswear companies continued their sales growth both in the bone markets are hoth in the UK and increasingly overseas.

\*\*The silk menswear companies continued their sales growth both in the bone market and overseas.

\*\*The silk menswear companies continued their sales growth both in the bone market and overseas.

\*\*Torce save intended the intendigure considerably.

\*\*All the manufacturing companies within the group are operating with full order books, and the worldwide demand for its products remains high.

The group's turnover is derived not only from its traditional markets, but from the establishment and consolidation of new markets—these markets are both in the UK and increasingly overseas.

The silk menswear companies continued their sales growth, both in the home market and consolidation of the proposed methods of funding.

\*\*The group's turnover is derived not only from its traditional markets are both in the UK and increasingly overseas.

\*\*The silk menswear companies continued their sales growth, both in the home market and consolidation and consolidation of the proposed methods of funding.

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\*\*The silk menswear companies continued their sales growth, both in the home market and consolidation of the proposed methods of funding.

\*\*The group's turnover is developed and the acquisition will strengthen the group considerably.

\*\*Tace's acquisition of Anderson will mark the group's metamorphosis from a two-lagged animal into a pretty healthy looking three-legged one. The Goring Kerr metal detecting substidiary the special continued the proposed methods of funding.

\*\*Tace's are say its 1984 exprings with full order books, and the worldwide demand for its products remains high.

The group's turnover is developed and an into a pretty healthy looking three-legged one. The flow for the proposed methods of funding the products remains hi



#### The Hongkong & Kowloon Wharf & Godown Company, Limited

Group Results For The Financial Year Ended 31st March, 1985

● The Group successfully acquired Wheelock Marden and Company Limited at a cost of approximately HK\$2.5 billion which has been financed partly from which has been timated partly from available banking facilities. It is anticipated that the Group will be able to pay off these bank borrowings in full from internally generated revenue in about 3 years time.

 The Group profit attributable to shareholders after tax and before extraordinary items amounted to HK\$498.4 million, compared with HK\$428.9 million on an annualised basis for the previous year, an increase of

◆Earnings per share improved by 16.3 per cent from 27.5 cents on an annualised basis in the previnus year to 32.0 cents per share.

● A final dividend of 14.0 cents per share is proposed which will result in a total dividend of 21.0 cents per share for the year. If approved, the final dividend will be paid nn 24th September, 1985.

Substantial property holdings and cash funds (nver HK\$1,800 million) of the

Wheelock Marden group further strengthen the group as nne of the leading property companies in Hong Knng.

● At the present time, Harbour City/Ocean complexes' office accommodation, retail space and residential accommodation are 98 per cent, 92 per cent and 99 per cent let

Ocean Terminal was promnted during the year as an ideally located exhibition venue and six majnr exhibitions have already been contracted for 1985 with others being negotiated.

 All divisions of the Group posted increased returns during the financial year as the downturn in the property market and political uncertainty subsided with a notable increase in economic activities in Hong Kong.

Group's property portfolio and activities in the various sectors will further enhance the considerable recurrent earning base, the vast liquid funds currently under active management will place the Grnup in an excellent position tn continue to seek attractive investment apportunities both in Hnng Knng and nverseas.

Summary of Results Twelve months Fifteen manths 31st March 31st March HKSM HKSM Group profit befnre taxatinn Taxation 592.0 637.0 51.4 53.0 Group profit after taxation Minority interests 540.6 584.0 47.9 Group profit before extraordinary items Extraordinary items 498.4 6.7 536.1 242<u>.</u>2 Group profit after extraordinary items <u>505.1</u> <u>778.3</u> Earnings per share, before extraordinary items 32.0 cents 34.4 cents (Equivalent 10 annualised basis) 22.4 cents Dividends per share 21.0 cents (Equivalent 10 17.9 cents on an

The Ordinary General Meeting of Members of the Company is convened for Monday, 16th September, 1985 at 12.00 noon The Register of Members of the Company will be closed from 9th September, 1985 to 16th

September, 1985, both days inclusive By order of the Board, World-Wide Secretaries Limited

Hong Kong, t0th July, 1985.

NOTICE OF REDEMPTION

#### Tn the Holders of General Motors Overseas Finance N.V.

83/4 % Guaranteed Debentures Due 1986

NOTICE IS HEREBY GIVEN to the holders of the outstanding 63,3% Goaracteed Debentures Due 1986 of General Motors Overseas Finance N.V. (the "Company") that, pursuant to the provisions of Article Three of the Indenture dated as of August 15, 1971 between the Company and Morgan Guaranty Trust Company of New York (the "Trustee") and the form of said Debentures, the Company intends to redeem on August 15, 1985 nll of its outstanding Debentures at a redemption price equal to 100% of the principal amount thereof.

Payments will be made on and after August 15, 1985 against presentation and surrender of Debentures with compons due August 15, 1986 ottached in U.S. dollars, subject to applicable laws and regulations, either (a) et the office of the Trustee in New York City, or (b) et the main offices of Morgan Cuaranty Trust Company of New York in Brussels, Frankfurt am Mlain, London, Paris, and Zurich, the main offices of Credito Romagnolo S.p.A. in Milan and Rome, the main office of Bank Mees & Rope N.V. in Amsterdam, and the main office of Banque Generale du Luxembourg S.A. in Luxembourg Payments at the offices referred to in (b) above will be made by n dollar account and ollar account, or by transfer to a dollar account maintained by the payee, with a New York City bank.

Debentures surrendered for payment should have attached all unmatured coopons perticent thereto. Coupons due August 15, 1985 should be detached and collected in the esual manner.

From and after August 15, 1985 the Debentures will no longer be outstanding and interest thereon shall cease to accrue.

From and after August 15, 1985 the Debentures will no longer be outstanding and interest thereon shall cease to accrue.

Any payment made within the United States, including a payment made by transfer to an account maintained by the payee with a bank in the United States or by a dollar check drawn on a back account in the United States, may be subject to reporting to the United States loternet Revenuc Service (IRS) and to backup withholding at o rate of 20% if payees out recognized as exempt recipients fail to provide the paying agent with an executed IRS form W-8, certifying under penalties of perjury that the payee is out a United States person or an executed IRS form W-9 certifying under penalties of perjury the payer's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

CENTERAL MOTORS OVERSEAS FINANCE N.V.

GENERAL MOTORS OVERSEAS FINANCE N.V. By: Morgeo Guaranty Trust Compeny OF NEW YORK, Trustee

Dated: July 9, 1985

QUADREX SPECIAL SITUATIONS N.V.

7. Transacting such other business as may properly coma before the meeting.
Holders of bearer shares wishing to exercise their rights at the meeting may deposit their shares with Kredietbank S.A. Luxembourgeoise, 43 Boulavard Royal 2955, Luxembourg, Luxembourg, or et eny other bank which is ecceptable to Kredietbank S.A. Luxembourgeoise, not later than 17:00 hours (local time). on August 2, 1985 against receipt thereof, which receipt will entitle said sharaholdera to exercise such rights.
Holders of bearer shares may vote by proxy by mailing a form of Proxy and Certificate of Deposit for their shares, inbtained from Kredietbank S.A. Luxembourgeoise, or any other bank that is acceptable in the aforesaid bank, to Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal 2955. Luxembourg, Luxembourg.

In the praceding sentence.

Proxies and/or Certificates of Deposit must be received by Kredlatbank S.A. Luxembourgeoise not later than 17:00 hours (local time) on August 2, 1985 in order to be used at the

SECURITY INDUSTRY is proposing to publish a survey on the

> on Tuesday 10th September, 1985 Advertising copy date for this survey is Tuesday 21st August 1985

The survey will cover the rapid growth of the Security Industry over recent years as the need to increase the protection of property has grown including:---

**Electronic Alarms** Equipment Locks, Safes and Vaults Patrolling, Guarding and Key Holding Cash in Transit

Security Consultancies **Security Printing** 

The Insurance Industry

Computer Fraud

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William Clutterbuck, Advertising Department Financial Times, 10 Cannon Street, London EC4P 4BY Telephone: 01-248 8000 Ext 4148

The content, size and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editor



# International Bank for Reconstruction AND DEVELOPMENT

# Issue on a yield basis of £100,000,000 LOAN STOCK 2010

payable as to £30 per cent. on application and as to the balance by January 24, 1986 with interest payable half yearly on March 24 and September 24 with the first such payment on March 24, 1986

Baring Brothers & Co., Limited

**County Bank Limited** Samuel Montagu & Co. Limited

**Hambros Bank Limited** Morgan Grenfell & Co. Limited Hill Samuel & Co. Limited N. M. Rothschild & Sous Limited

Kleinwort, Benson Limited J. Henry Schroder Wagg & Co. Limited Lazard Brothers & Co., Limited S. G. Warburg & Co. Ltd.

Application has been made to the Council of The Stock Exchange for the £100,000,000 Loan Stock 2010 (the "Stock") to be admitted to the Official List for quotation in the Gilt-adged market. The Stock will be evailable either in registered form, transferable in multiples of one penny or, at the option of the holder, in bearer form, represented by Bearer Bonds which will be available in descriptions of £5,000 only. Stock in registered form may be exchanged for Bearer Bonds and vice versa at eny time after February 14, 1988. Renounceable allotment letters (partly paid) in respect of the Stock will be despatched on July 24, 1985 subject to clearly end allotments. Stock Certificates in respect of Stock in registered form and Bearer Bonds in respect of Stock in bearer form will be despetched on February 14, 1986 provided that the balance of the moneys payable has been duly paid.

No person is authorized to give any information or to make any representation not contained herein or in the Extel Cerd dated March 14, 1985 giving information relating to the Bank (or any shridgement hereof or thereof authorized by the Bank) and any information or representation not contained herein or therein must not be relied upon as having been authorized by the Bank or by any of the Managers named above. This does not constitute an offer to sell or solicitation of an offer to buy the Stock in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

The application list will open at 10.00 e.m. on Thursday July 18, 1985 end will close later the same day.

#### INFORMATION RELATING TO THE ISSUE

ination of Issue Yield, Rate of Interest and Issue Price

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a Gross Redemption Yield equal to the Issue Yield as determined on the hasis described below.

The Issue Yield shall mean the sum of 0.45 per cent. and the Gross Redemplion Yield, rounded to three decimal places (0.0005 being rounded upwards), on 13½ per cent. Treasury Stock 2004-2008 (the "Reference Stock") calculated by reference to the price of the Reference Stock on The Stock Exchange, London at 3.00 p.m. on Wednesday July 17, 1985, such price to be determined by Baring Brothers & Co., Limited ("Barings") as being the arithmetic mean of the bid and offered prices quoted on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The Gross Redemption Yield on the Reference Stock will be expressed as a percentage and will be calculated on the basis set out in the Journal of the Institute of Actuaries, Vol. 105, Part I, 1978, page 18. The Issue Yield shall mean the sum of 0.45 per cent, and the Gross Redemplion Yield, rour

The rate of interest attaching to the Stock will be an integral multiple of one eighth of one per cent, and will be consistent with an issue price as near as possible to but not less than £87.50 per cent. The issue price will be expressed as a percentage rounded to three decimal places (0-0005 being rounded upwards).

It is intended that notice of the Issue Yield, rate of interest, issue price and the amount of the first interest payment will be published in the *Financial Times* on Thursday July 18, 1985.

By an Underwriting Agreement dated July 15, 1985, Baring Brothers & Co., Limited, & Bishopsgate, London EC2N 4AE, County Bank Limited, 11 Old Broad Street, London EC2N 1BB, Hambros Bank Limited, 41 Bishopsgate, London EC2P 2AA, Hill Samuel & Co., Limited, 100 Wood Street, London EC2P 2AJ, Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DB, Lazard Brothers & Co., Limited, 21 Moorfields, London EC2P 2HT, Samuel Montagu & Co. Limited, 114 Old Broad Street, London EC2P 2HY, Morgan Grenfell & Co., Limited, 23 Great Winchester Street, London EC2P 2AX, N.M Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU, J. Henry Schroder Wagg & Co., Limited, 120 Cheapside, London EC2V 6DS and S.G. Warburg & Co., Ltd., 33 King William Street, London EC4R 9AS (the "Managers") have agreed with the Bank to underwrite the issue of the Stock.

Beginn on beautiful the Managers, and the Bank managers is contain contains interpretated to tempinate.

Barings, on behalf of the Managers, and the Bank may agree in certain circumstances to terminale the Underwriting Agreement, which is subject to certain conditions and accordingly, if they so agree or the Underwriting Agreement does not become unconditional, applications for the Stock will become void or, as the case may be, no applications for Stock will be accepted.

Terms of Payment in Respect of Applications

Each application, unless made by a recognized bank or stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque payable to Baring Brothers & Co., Limited and crossed "IBRD Loan", representing payment at the rate of £30 per cent, of the nominal amount of the Stock applied for, Such cheques must be drawn on a branch in the United Kingdom (including Northern Ireland), the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which bas arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

An alternative method of payment is available in respect of payments of £50,000 or more only to recognized banks or stockbrokers who irrevocably engage to pay Barings for credit to the account designated "IBRD Loan" by 10.00 a.m. on Wednesday July 24, 1985 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the bonsinal amount of the Stock in respect of which their applications shall have been accepted. The expression "Town Clearing Funds" shall mean a cheque, bankers payment or bankers draft which is eligible for presentation in the Town Clearing System in the City of London.

Barings, on behalf of the Bank, reserves the right to retain the relevant allotment letters and replus application moneys (if any) pending clearance of applicants' remittances and allotment. The balance of the amount payable on the Stock allotted must be paid so as to clear by 12 noon on January 24, 1986. Any amount paid in advance of its due date shall not bear interest.

Failure to pay the balance on any Stock when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate per annum of 4 per cent, above the base rate for the time being of Barings may be charged on such balance if accepted after its due date. The Bank further reserves the right, without prejudice to any other rights in default of paymeol, to sell any such Stock fully resid for its own account. to sell any such Stock fully paid for its own account.

The expression "recognized bank or stockbroker" shall mean any organization which is a recognized bank for the purposes of the Banking Act 1979 and any firm of stockbrokers which is a member of The Stock Exchange and such other banks or brokers as Barings shall at their absolute discretion agree for the purposes of the issue.

Renounceable allotment letters (partly paid) in respect of Stock allotted wi0 be despatched on July 24, 1985 by first class post at the risk of the person submitting the application in accordance with the instructions stated on the Application Form.

Allotment letters may be split up to 3.00 p.m. on January 22, 1986 in accordance with the instructions contained therein into denominations of integral multiples of £100 nominal amount of Stock. Renounceable allotment letters, once renounced, become bearer documents and are

Unless a duly renounced fully paid allotment letter with the registration application form duly Onless a duly renounced fully paid allotment letter with the registration application form duly completed, of a fully raid allotment letter containing an election to receive Bearer Bonds is received by Barings on or before January 24, 1986, the Stock represented by such allotment letter will be registered in the name of the original allottee and thereafter Stock in registered form will be transferable only by instrument of transfer.

Allotment letters will provide for holders of Stock to elect to take delivery of Stock in bearer rather than registered form. Stock in bearer form will be represented by Bearer Bonds which will be available inations of £5,000 only.

Each holder of Stock who elects in the allotment letter to receive Bearer Bonds may receive them

(a) by collection from the offices of Barings, 8 Bishopsgate, London EC2N 4AE;

(b) by post at the risk of the applicant;

(c) by delivery at the risk of the applicant to an existing account with Euro-clear Clearance System Limited or Cedel S.A. Bearer Bonds will be available for delivery and Stock Certificates will be despatched on February 14, 1986 after which date allotment letters will cease to be valid for any purpose.

TERMS AND CONDITIONS OF THE STOCK

The issue of the Stock has been authorized by a Resolution of the Executive Directors of the Bank passed on July 9, 1985 and will be constituted by an Instrument to be dated July 24, 1985 (the "Instrument"), executed by the Bank and deposited with Barings. The Stock is not an obligation of any Government.

The following is a summary of the terms and conditions relating to the Stock:

The Stock will represent a direct, unconditional and geocral obligation of the Bank for the due and punctual payment of principal and interest in respect of the Stock and for the performance of all obligations of the Bank with respect thereto. The Stock will be unsecured and will rank pari passu with all bonds, notes and other evidences of indebtedness issued, assumed of guaranteed by the Bank.

As long as any of the Stock shall be outstanding and unpaid, the Bank will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes or other evidences of indebtedness heretofore or bereafter issued, assumed or guaranteed by the Bank for money borrowed (other than purchase money mortgages, pledges or liens on property purchased by the Bank as security for all or part of the purchase price thereof), unless the Stock shall be secured by such mortgage, pledge or other lien or charge equally and rateably with such bonds, notes or other evidences of indebtedness.

The Stock will bear interest from July 24, 1985 at a rate per annum to be determined in accordance with "Determination of Issue Yield, Rate of Interest and Issue Price" above. Interest will be payable by equal half yearly instalments on March 24 and September 24 ("Interest Payment Dates") in each year except that the first payment of interest on March 24, 1986 will be calculated using the following

1=R×184/365×30/p+R×59/365 where R is the rate of interest attaching to the Stock (expressed as a percentage), p is the issue price and I (expressed in pounds and rounded to three decimal places) is the first interest payment per £100 nominal amount of the Stock.

Interest will cease to accrue on the Stock on the due date for redemption thereof unless payment of incipal is improperly withheld or refused by the Bank.

The Stock will be issued in registered form ("Registered Stock") or, if election is duly made as provided in the renounceable allotment letters, in bearer form ("Bearer Bonds"). Subject as

hereinafter provided, Registered Stock may be exchanged in nominal amounts of £5,000 or integral multiples thereof for Bearer Bonds, and Bearer Bonds may be exchanged for Registered Stock. Bearer Bonds will be available in the denomination of £5,000 each, and each Bearer Bond will be available in the denomination of £5,000 each, and each Bearer Bond will be available in the denomination of £5,000 each, and each Bearer Bond will be available in "Coupon" in respect of each Interest Payment Date for which the Record Date (as defined in "Payments" below) is on or after the date of issue of such Bearer Bond.

Applications for such exchanges may be made at any time on or after February 14, 1986 on exchange forms available at the specified offices of the Registrar and the Paying Agents referred to below. Exchanges will only be made on payment by holders of the Stock of such costs and expenses as may be incurred in connection therewith, initially 20 pence per £5,000 nominal of Stock (subject to a minimum charge of £5) plus, where applicable, value added tax.

Any application to exchange Bearer Bonds for Registered Stock must have attached thereto each Bearer Bond to which such application relates, together with all Coupons appertaining thereto which mature after the Record Date next following the date of such application. Any application to exchange Registered Stock for Bearer Bonds must have attached thereto the Stock Certificate(s) to which such application relates. A balance Stock Certificate will be issued in respect of any Registered Stock in excess of the amount to be exchanged for Bearer Bonds.

Exchanges may only be effected by lodging Bearer Bonds and Coupons as described above or, as the case may be. Slock Certificales, at the specified office of the Principal Paying Agent, accompanied by a duly completed and executed irrevocable exchange form and by complying with any applicable fiscal or other laws or regulations and with normal banking practice. The initial Principal Paying Agent is Baring Brothers & Co., Limited and its specified office is at 8 Bishopsgate, London EC2N 4AE.

Bearer Bonds issued in exchange for Registered Stock will be available, together with any balance Stock Certificate, for delivery at the specified office of the Principal Paying Agent, and Stock Certificates in respect of Registered Stock issued in exchange for Bearer Bonds will be despatched (at the risk of the persons entitled thereto) in each case within three business days of receipt by the Principal Paying Agent of the relevant exchange form duly completed and exceuted and accompanied by the relevant Bearer Bonds and Coupons or, as the case may be, Stock Certificates.

Registered Stock and Bearer Bonds will be serially numbered,

The Register and Transfer Office for Registered Stock will be at the specified office of the Registrar. The initial Registrar is Baring Brothers & Co., Limited, and its specified office is at Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The Bank may terminate the appointment of the Registrar, provided that no termination shall take effect until a new Registrar having a specified office in Great Britain has been appointed. Notice of any changes in the Registrar and/or the specified office of the Registrar will be given to Stockholders. The Registered Stock will be transferable in multiples of one penny by an instrument in writing as if the Stock were a security to which section 1 of the Stock Transfer Act 1963 of Great Britain and The Stock Exchange (Completion of Bargains) Act 1976 of Great Britain, and any statutory modifications or re-enactments thereof, applied.

The Beanst Rande will be transferable and elliment

The Bearet Bonds will be transferable by delivery.

Redemption and Purchases

Redemption—Unless previously redeemed pursuant to "Events of Default" below or purchased and cancelled, the Bank shall redeem the Stock at its principal amount on September 24, 2010.

and cancelled, the Bank shall redeem the Stock at its principal amount on September 24, 2010.

Purchases—The Bank may at any time purchase Stock on any recognized stock exchange or by tender (available to all holders of Stock alike) or by private treaty. Whilst the Stock is listed on The Stock Exchange, London, purchases by the Bank on The Stock Exchange, London will be at a price (exclusive of expenses and accrued interest) not exceeding the average of the middle market quotations taken from The Stock Exchange Official List for the 10 dealing days before the purchase is made or at the market price, provided that it is not more than 5 per cent, above such average. In all other cases, purchases will be at a price (exclusive of expenses and accrued interest) not exceeding 120 per cent, of the middle market quotation of the Stock on The Stock Exchange, London (or, failing such quotation, on such other stock exchange on which the Stock is listed for the time being) at the close of business on the last dealing day before the date of purchase. Save as aforesaid the Bank may not purchase any Stock. The Bank will be editled in hold and deal with Stock so purchased which may he cancelled or not as the Bank thinks fig.

In the case of Registered Stock, payments of principal and interest will be made in pounds sterling by warrant drawn on a Town Clearing Branch of a bank in the City of London which will be sent at the holders' risk by post to persons who are registered as holders of Stock at the close of business on the relevant Record Date or to their nominated agents and made payable to such holders or as they may direct. In the case of joint holders, the warrant will be sent to the first-named unless instructions to the contrary are given in writing. The "Record Date" shall mean the thirtieth day before an Interest Payment Date but should such day fall on a day on which the specified office of the Principal Paying Agent and Registrar is not open for business then the Record Date shall mean the first day thereafter on which such specified office is open for business.

In the case of Bearer Bonds, payments of principal will only be made against surrender of the Bearer Bonds and, subject as mentioned below, payments of interest will only be made against surrender of Coupons at the specified office of any Paying Agent by a cheque in pounds sterling drawn on, or by transfer to an account maintained by the payee with, a bank in London, subject in each case to any laws or regulations applicable thereto. However, no Paying Agent in the United Kingdom shall, unless the Bank notifies bolders of Stock to the contrary in accordance with "Notices" below, make any payment of interest against presentation of Coupons.

any payment of interest against presentation of Coupons.

Bearet Bonds should be surrendered for redemption together with all unmatured Coupons, failing which the face value of any missing unmanured Coupons for, in the case of partial payment in respect of any Bearer Bond being made, the proportion of such face value which the amount of the partial payment bears to the principal amount of the Bearer Bond) will be deducted from the principal sum due for payment. Any amounts of principal so deducted will be paid in the manner mentioned in the preceding paragraph against surrender of the relevant missing Coupons at any time before the expiry of a period of 10 years after the due date for redemption, whether or not such Coupons would atherwise become used surrenest to "Practicition" below. wise become void pursuant to "Prescription" below

If the due date for payment of any amount of principal or interest in respect of any Bearer Bond or Coupon is not a business day, then the holder thereof shall not be entitled to payment of such amount until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay. In these Conditions, the expression "business day" means any day on which banks are open for business in the placen where the specified office of the Paying Agent at which the Bearer Bond or Coupon is presented for payment is situated and (in the case of payment by transfer to an account maintained by the payee in London as referred in above) on which dealings in pounds sterling may be carried on both in London and in such place.

The initial Paying Agents and their specified offices are listed below. The Bank will at all times maintain a paying agent in London and at least one country in Europe other than the United Kingdom. Holders of Stock will be notified in accordance with "Notices" below of the replacement of any Paying Agent or any change in its specified office or the appointment of additional paying agents. Notwithstanding any other provisions to the contrary, payment of principal and/or interest on any Bearer Bond of Coupon may be made without physical presentation thereof by a Paying Agent which has entered into an agreement with the Bank to that effect in a form approved by the Principal Paying

If the Bank shall default in the payment of the principal of, or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund in, any bonds or notes (including the Stock) or similar present or future obligations which have been issued, assumed or guaranteed by the Bank, or in the performance of any other obligation arising from "Negative Pledge" above, and such default shall continue for a period of 90 days, then at any time thereafter end during the continuance of such default the holder of any of the Stock may deliver or cause to be delivered to the Bank at its Principal Office in the City of Washington, Distinct of Columbia, United States of America, written notice that such holder elects to declare the principal of all Stock held by him (in the case of Bearer Bonds the serial numbers of which shall be set forth in such notice) to be due and payable, and on the thirtieth day after such nonce shall be so delivered to the Bank the principal of such Stock shall become due and payable, unless prior to that time all such defaults theretofore existing shall have been cured.

The Bank will be discharged from its obligations to pay principal and imerest in respect of Registered Stock to the extent that such payments duly made are unclaimed within a period of 10 years and 5 years respectively after the due date.

Bearer Bonds will become void unless surrendered for payment within a period of 10 years and Coupons will, except as menuloned in "Payments" above, become void unless surrendered for payment within a period of 5 years, in each case from the due date.

Replacement of Stock Certificates, Bearer Bonds and Coupons

If any Stock Certificate, Bearer Bond or Coupon is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar (in the case of a Stock Certificate) or of the Principal Paying Agent (in the case of a Bearer Bond or Coupon). Replacement will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Bank, the Registrar or the Principal Paying Agent may reasonably require. Mutilated or defaced Stock Certificates, Bearer Bonds or Coupons must be surrendered before new ones will be issued.

Title to Bearer Bonds and Coupons

The Bank and any Paying Agent may treat the bolder of any Bearer Bond or Coupon as the absolute owner thereof (whether or not such Bearer Bond or such Coupon shall be overdue and notwithstanding any notice to the contrary or writing thereon) for the purposes of receiving payment and for all other coupons.

If the Bank wishes to issue further stock so as to form a single issue with the Stock, it shall be at liberty to constitute such further stock by a supplemental Instrument on terms that it shall be or become consolidated and form a single issue with the Stock.

All notices shall be valid if despatched by post to the holders of Registered Stock at their registered addresses (in the case of joint holders to the address of the holder whose name stands first in the Register) and if published in one leading daily newspaper printed in the English language and with general circulation in London or, if this is not practicable, in a newspaper having general circulation in Europe, it is expected, however, that publication of such notices will normally be made in the Financial Times. Any such notice shall be deemed to have been given on the later of the day following the date of such despatch and the date of the first such publication.

The conditions of the Stock, the provisions of the Instrument and the rights of the holders of the Stock will be subject to modification by Extraordinary Resolution of the holders of the Stock (and of any further stock forming a single issue with the Stock) as provided in the Instrument. Such a Resolution will require a majority of not less than three-quarters of the votes cast thereon.

The Stock and the provisions of the Instrument will be governed by and construed in accordance with the laws of England. Legal proceedings in connection therewith may be brought in the courts of

INFORMATION RELATING TO THE STOCK

Current United Kingdom Tax Treatment and Stamp Duty The Bank has been advised, on the basis of current law and practice, as follows:-

(i) interest on the Stock paid as provided herein is payable without deduction of United Kingdom

(ii) the 1985 Finance Bill provides that gains on Stock disposed of on or after July 2, 1986 will be exempt from United Kingdom tax on capital gains regardless of when the Stock is purchased (and any losses on disposals on or after that date will no longer be capable of qualifying as allowable losses) and that in the meantime the Stock will not attract any indexation allowance;

allowable losses) and that in the meantime the Stock will not attract any indexation allowance;

(iii) the Stock will not be a deep discount security within the meaning of section 36 of the Finance Act 1984 for the purposes of United Kingdom tax on income. Notwithstanding that the issue price of the Stock may be below its nominal value, no part of that nominal value paid on redemption of the Stock pursuant to the paragraph headed "Redemption" under "Redemption and Purchases" above will be treated as subject to United Kingdom tax as income (except where the recipient is a person holding the Stock as a dealer for United Kingdom tax purposes]. On a disposal of the Stock in the open market by a holder of the Stock (other than a disposal by a person holding the Stock as a dealer for United Kingdom tax purposes, but including any disposal by any other person on a purchase made by the Bank pursuant to the paragraph headed "Purchases" under "Redemption and Purchases" above), no part of the disposal proceeds received will be subject to tax as income (save for any amount which new rules being introduced by the 1985 Finance Bill may treat as representing interest accrued on the Stock in the interest period when the disposal takes place); accrued on the Stock in the interest period when the disposal takes place);

(iv) transfers of the Stock are free of United Kingdom stamp duty.

Persons contemplating the acquisition of Stock who are uncertain as to their current or future. United Kingdom tax treatment, or as to their treatment under the revenue laws of other jurisdictions, should consult their professional advisers.

The Stock will be eligible to be dealt in on The Stock Exchange in the Gilt-edged market. The Stock will normally be traded for settlement and delivery on the working day after the date of the transaction. The price of the Stock will be quoted inclusive of accrued interest. It is expected that dealings on The Stock Exchange will begin on Friday July 19, 1985 for deferred tilement on Thursday July 25, 1985.

Trustee Status Registered Stock, when listed, will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Investment by trustees in Bearer Bonds is subject to the provisions of section 7 of the Trustee Act 1925.

Wheo the Stock is listed and when the period to the date of redemption is 25 years or less, it will be an investment falling within the Schedule to the Building Societies (Authorised Investments)(No. 2) Order 1977 (as amended) and will initially fall within Part III of that Schedule.

PURPOSE OF THE ISSUE

The not proceeds to the Bank from the issue of the Stock, estimated to be not less than £86 million, will be used in the general operations of the Bank. PRINCIPAL INFORMATION REGARDING THE BANK

Except as otherwise indicated, all amounts set forth herein are expressed in current United States dollars.

The Bank is an international organization, also known as the World Bank, which was established and has been operating since 1946 under the Articles signed by the governments of its member countries. One hundred and forty-eight countries are now members of the Bank. The principal office of the Bank is located at 1818 H Street, N.W., Washington, D.C. 20433.

Principal Purpose of the Bank

The Bank's principal purpose is to promote the economic development of its member countries in the interest of festering the long-term growth of international trade and improved standards of living. Its principal activity is providing loans for specific projects and related technical assistance.

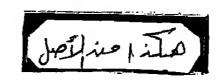
The loans held by the 8ank (including loans approved but not yet effective) at March 31, 1985 totalled \$74,115,079,000 of which the undishursed balance was \$34,502,567,000. With the exception of \$1,095,044,000 in loans to the International Finance Corporation, all loans have been made to, or are unconditionally guaranteed by, member countries. The Bank's cash and liquid investments, which totalled \$17,699,000,000 at March 31, 1985, are invested in obligations of governments and of certain agencies and instrumentalities of the United Stales Government and in time deposits and other unconditional obligations of banks and financial institutions.

The following table shows the borrowings and the capital and reserves of the Bank at March 31, 1985: Borrowings: Short-term
Payable in U.S. dollars

Contracts to borrow Less - Net unamortized discounts \$ 3,729,338 Medium- and long-term
Payable in U.S. dollars
Payable in Jopanese yen
Payable in Deutsche mark \$16,315,370 9,334,907 7,476,107 Payable in other currencies. \$45,619,764 523,329 57,938 Contracts to borrow.

Less - Net unamortized discounts and premiums. 46,085,155 \$49,814,493 Capital and reserves:(1)
Subscribed capital stock
Less - Uncalled portion of subscriptions Capital stock paid in
Reserves and accumulated net income - unallocated. \$ 5,083,850 4,752,488 \$ 9,836,338

(1) The figures with regard to capital stock in the above table are based on the substitution of one special drawing right ("SDR") of the International Monetary Fund ("IMF") for one 1944 dollar the basis for expressing the Bank's capital under its Articles). This substitution has been made in the Bank's financial statements with the approval of its Executive Directors pending final determination of the valuation of the Bank's capital.



From April 1, 1985 to May 31, 1985, the Bank's short-term borrowings decreased by a net amount of \$70,925,000 dlts medium- and long-term borrowings increased by a net amount of \$484,530,000.

The uncalled portion of capital subscriptions, totalling \$52,974,117,000, may be called only when required to meet obligations of the Bank for funds borrowed or on any loans which might be guaranteed by it. This amount is thus not available for use by the Bank in making loans.

At March 31, 1985, the caliable capital of the 16 members of the Bank which are also members of the Development Assistance Committee of the Organization for Economic Co-operation and Development was \$34,259,098,000.

On the basis of the substitution of one SDR for one 1944 dollar (see note (1) above), the authorized capital of the Bank at March 31, 1985, expressed in current United States dollars, was \$77,963,621,000 (786,500 shares). This amount of authorized capital includes a capital increase of 365,000 shares, 331,500 of which are subject to reduction if, on the basis and at the time of a final determination of the value of the Bank's capital stock, the value of these shares would exceed \$40,000,000,000.

This information relating to the Bank is unandited and is qualified and further explained by the detailed information in the Extel Card relating to the Bank dated March 14, 1985 (in which numerical data are given as of December 31, 1984) which is available in the Extel Statistical Services System.

Copies of the listing particulars relating to the Stock, the Bank's annual accounts for the year ended June 30, 1984 and the Extel Card relating to the Bank dated March 14, 1985 are available until July 30, 1985 (July 18, 1985 in the case of the Company Announcements Office) from:

Baring Brothers & Co., Limited,

8 Bishopsgate,

London EC2N 4AE.

Company Announcements Office,

The Stock Exchange,

London EC2N 4AE.

Cazenove & Co., 12 Tokenhouse Yard.

Londoo EC2R 7AN.

W. Greenwell & Co., Bow Bells House, Bread Street, London EC4M 9EL.

GENERAL INFORMATION

The Bank has agreed to pay to the Managers an amount eggregating £1.25 per £100 nominal amount of Stock in connection with their services as managers and underwriters of the issue, out of which will be paid by the Managers, on behalf of and as agents for the Bank, commissions to the brokers to the issue in respect of their services to the Bank in connection with the issue and to certain other persons who have agreed with the Bank to accept underwriting parocipations in respect of the issue of the Stock. The Bank will also pay brokerage of one eighth of one per cent of the nominal amount of Stock issued pursuant to subscriptions received from or through recognized banks and stockbrokers on Application Forms bearing their stamp or in respect of other forms of application accepted by Barings as being from a recognized bank or stockbroker; this commission will not, however, be paid in respect of any allotments which arise out of an underwriting commitment. The total expenses of the issue (including the above-mentioned commissions and brokerage) are estimated to amount to about £1.48 million and are payable by the Bank.

Barings, on behalf of the Bank, reserves the right to reject any application and to accept any application in part only. If any application is not accepted, the amount paid on application will be returned by post at the risk of the person submitting the application and, if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned, in each case after the relevant remittance has been cleared. Barings, on behalf of the Bank, will announce the basis of allotment by 3.00 p.m. on Thursday July 18, 1985 and it is expected that confirmation of allotments will be despatched on the same day.

There has been no material adverse change in the financial position of the Bank since June 30, 1984. The Bank has not been involved in any litigation or arbitration proceedings which may have or have had during the revious 12 months a significant effect on the financial position of the Bank, nor so far as the Bank is aware are any ach proceedings pending or threatened.

The Bank has obtained the approval and agreement of H.M. Government required under the Bank's Articles of Agreement in connection with the issue.

Price Waterhouse, independent certified public accountants, of 1801 K Street, N.W., Washington, D.C. 20006, United States of America have andried the Bank's financial statements for the preceding three financial years in accordance with generally accepted accounting principles.

Copies of the Instrument constituting the Stock and of the latest audited accounts and of the Articles of Agreement of the Bank will be available for inspection at the specified offices of the Registrar and Paying Agents until redemption of the Stock

The Stock in the form of Bearer Bonds has been accepted for clearance by Euro-clear Clearance System Limited (No: 13273) and Cedel S.A. (No: 263125).

Documents for Inspection

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Copies of the following documents will be available for inspection at the offices of Freshfields, Grindall House, 25 Newgate Street, London ECIA 7LH during oormal business hours until July 24, 1985.—

(i) the Articles of Agreement of the Bank:.

(ii) the Underwriting Agreement referred to above;

(iii) a draft, subject to modification, of the Instrument constituting the Stock referred to above;

(iv) the audited accounts of the Bank for the two years ended June 30, 1984 and the unaudited accounts for the nine months ended March 31, 1985; and

(iv) the subject to the first three of Actuation Vol. 105, Bank I, 1972, pages 15 to 26. (v) a copy of the Journal of the Institute of Actuaries, Vol. 105, Part I, 1978, pages 15 to 26.

> Principal Office of the Bank 1818 H Street, N.W. Washingtoo, D.C. 20433.

Receiving Bank, Principal Paying Agent and Registrar Baring Brothers & Co., Limited,

Bourne House.

Kent BR3 4TU.

Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal; 2955 Luxembourg.

Morgan Guaranty Trust Company of New York, Mainzer Landstrasse 46, D-6000 Frankfurt/Main, Federal Republic of Germany. Solicitors to the Bank

Solicitors to the Managers Slaughter and May, 35 Basinghall Street, London ECZY 5DB.

1.0 b-Cazenove-&-Go.; 12 Tokeshouse Yard, London ECZR 7AN.

Brokers W. Greenwell & Co., Bow Bells House,

Grindall House

APPLICATION FORM

The application list will open at 10:00 n.m. on Thursday July 18, 1985 and will close later the same day. This Form must be lodged with Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Issue on a yield basis of £100,000,000 LOAN STOCK 2010

Payable as follows: On application £30 per cent. and the balance of the issue price by January 24, 1986.

| In accordance i | ly less amount that may be allotted in respect o | r as below. I/We undertake to accept the amount of Stock this application and to pay for the same in conformity with | FOR OFFICE<br>USE ONLY |
|-----------------|--|--|------------------------|
|                 | Nominal amount of the Stock                      | Amount enclosed at £30 per cent. of the nominal amount applied for   | 2. Amount of Stock,    |
|                 | £  | £  |                        |

cheques to be cleared through the facilities provided for the members of those Clearing Houses and made payable to "Baring Brothers & Co., Lumined" and crossed "BRD Loan" representing payment at the rate of £30 per cess, of the slow-membered nominal amount of \$50ck. In consideration of International Bank for Reconstruction and Development (the "Bank") agreement referred to therein, I/we agree that this application shall be irrevocable until July 25, 14% and this sources shall constitute a collateral contrart between univariant of the Advertisement and of the this sources shall constitute a collateral contrart between univariant of the shall become binding upon the despatch by mail or delivery of this Form duly completed to Baring Brothers & Co., Limited ("Barings"). I/We understand that the completion and delivery of this Form accompanied by myloris cheque constitutes a representation that myloristand that the constitute and the next meets of the shall become binding upon the despatch by mail or delivery of this Form accompanied by myloris cheque constitutes a representation that myloristand that the completion and delivery of this Form accompanied by myloris cheque constitutes a representation that myloristand that the constitutes and the shall become because will be honoured on first presentation. I/We briefly engage to pay the balance payable on the \$50ck by Insusty 24, 14% on any allouremt made to meets in respect of this application. I/We understand that failure to since the historic payable of the stock by Insusty 24, 14% on any allouremt made to meets in respect of this application. I/We understand that failure to such balance by the other date will be made and that the Bank may, subsour prejodice to any other rights, in default of payment sell the Stock fully paid for its own account, I/We acknowledge ther any allouremt tester and (If appropriate) chargue for any application moneys returnable to meets it hallo to be held pending clearance of such payment.

I/We bereby request that any allouremt of Stock

Full Postal Address:

Name of bank or broker:

ALTERNATIVE METHOD OF PAYMENT described in the Adventionator).

We hereby engage to pay Baring Brothers & Co., Limited, & Brahorganes, London ECAN 4AE for credit to the account designated "IBRD Loan" by 10 till n.m. on Wednesday, July 1, 1985 the amount in Town Clearing Funds representing payment at the rate of 130 per cent. of the nominal amount of the Stock alloured to the person(s) named above as respect of this application. In consideration of the Bank agreeing to allou the Stock as meanoned above, we agree that this engagement shall be irre-occable until July 25, 1985 and then this sentence shall portatione a collateral contract between us and the Bank as meaninged above.

Borne Brothers & Co., Limited, 9 Biology, per Langua ECEN 4AE Categore 2 Co .

1: Tokenhouts Yank.
Leadon ECER 7AN In the case of a corporation, the Common Scalinust be affined or this Form signed by a duly authorized officer who must state

**UK COMPANY NEWS** 

# Lewmar joining unlisted market with £26m value

Lewmar, which claims to be

Lewmar, wbicb claims to be one of the world's leading makers of yachting equipment, is joining the USM. Phillips and Drew is offering for sale 6m shares at 110p each, valuing the rompany at £26.2m.

Of the shares being sold, 3.1m will raise about £3m of new money for the company, with the remaining 2.9m being sold by the chairman and his family interests, who after the offer will own 74 per cent of company.

Lewmar has been making yacht equipment since 1948. In 1966 the present chairman, Mr John Burton, joined the company and bought control the following year. The company designs, manufactures and distributes the equipment, which it sells around the world. Last year the UK accounted for less than 10 per cent of group sales with a further 80 per cent divided evenly between North America and Europe.

America has become an increasingly important market

America and Europe.

America has become an increasingly important market for Lewmar, following the acquisition in June 1983 of Navtec, a U.S. company believed to be the world's largest maker of rod rigging and hydraulic mast ron-

rol systems.
These products are sold under

clothing manufacturer, has re-

furned to profitability in the six

months to May 3, 1985. A pre-

tax profit of £120,000, compares

with a £39,000 loss last time, but

the board cautions that while overall progress has been made, much still needs to be done.

The board remains confident to continue the progress made in profitable growth, For the year ended November 2, 1984, the

group made a pre-tax loss of £209,000.

The recent bistory of Lowe has been one where the second balf performance was substantially worse than the first six months.

But the board points out that the group is now witnessing a re-sumption of customer confidence

in its ability to produce and ser-vice attractive ranges.

OPERATING RESULTS (TONS 000)

Total mined
Tons sold
FINANCIAL RESULTS (R000)

Gross profit

Profit before tax

PROFIT AFTER TAX

about 7 August 1985.

be decided by the Court.

Capital expenditure

Loan levy refund

NOTES:

15 July 1985

MEMBER OF THE GOLD FIELDS GROUP

THE CLYDESDALE (TRANSVAAL) COLLIERIES

LIMITED

(Incorporated In the Republic of South Africa)

ISSUED CAPITAL: 10 097 721 shares of 50 cents each

reduced the group's dependence on sail control systems. Nevtec's control systems now account for about 20 per cent of group turn-

about 20 per cent of group turnover.

The company stresses the Importance of design and development. Its winches were used on nine of the 12 challengers for the 1983 Americas Cup, and it bas received orders to equip a further nine in the 1987 race.

In each of the past 19 years, except for one, profits have risen; and the latest five year's results show a steady increase in turnover from £5.8m in 1981 to £14.8m in 1985, with pre-tax profits climbing from £385,000 five years ago 10 £2.8m in the year to February 1985.

No forecast is being made for the current year, and based on 1985 profits the price earnings ratio at the offer price is 14, after a 41 per cent tax charge. The yield is 3.4 per cent assuming an annual dividend of 2.625p a share. Application lists open on July 22 and dealings begin a week later.

week later.

• Comment

Lewmar's reputation is such that investors with a salling bent may

The improved half-year per-formance was achieved on slightly lower turnover of £3.89m

(£3.98m). Market conditions are

not easy and margins remain in-

adequate, but the group has

benefited from the positive measures taken to concentrate

production into more viable

units, and by adopting a more

Quarter

ended 31 March 1985

1 952 1 928

28 740 23 045

5 695 1 500

7 195 4 132

3 063

17

240

On behalf of the board

Directors

2 092 1 989

29 266 24 878

4 388 1 797

6 185 3 472

2713

Capital Expenditure. The unexpended balance of authorised capital expenditure at 30 June 1985 was R2.7 million. Dividend. A dividend (No. 144) of 50 cents (19.566898p) per share declared on 13 June 1985 is payable to members on or

Proposed Merger of the Operations of Clydesdale and Apex.

Apex has been granted leave to appeal against the judgments on the application to lead further oral evidence and the application for sanction of the Scheme of Arrangement. The appeal will be heard by the Appellate Division on a date to be desided by the Court

A. M. D. GNODDE

ended 30 June 1985

3 917

58 006 47 923

10 083

3 297

13 380 7 604

5 776

the board states.

the Navtec brand name, and bave take one glance at the bistorio p/e of 14 and buy on principle. But those who think snapshackles are a breakfast cereal will need to delve deeper into the prospectus. The company has an immaculate profit record-it clearly knows its market inside out, and in the last 19 years bas apparently done an excellent job In supplying it with high quality winches, galning market share at the expense of competition which for the most part is local and fragmented. However, Lewmar now has about 40 per cent of the world market for winches and further growth prospects here seem limited, so that exhere seem limited, so that expansion will depend increasingly on Navtec 20d oo Lewmar's other products. With 90 per cent of sales overseas the weakness of the pound has had a strongly positive effect on profits in the last two years, glving a boost which will be less noticeable in the current year's profits. Unlike many USM newcomers Lewmark is a mature runpany and even

Robert Lowe returns to profit

realistic approach to commercial

problems and the opportunities they afford.

ing losses that have come to be associated with the group's recent second-half performance, Trading profits for the six months climbed from £8,000 to £171,000. Interest payable took £51,000 (£47,000), but there was again no tax. Earnings per 25p share are stated at 3.68p (1.25p The company has decided to pay the Interim preference divi-dend on August 30, 1985, to-gether with the arrears of pre-

ference dividend outstanding. The board says it is still essential to ronserve liquid resources and consequently it is not intended to resume the payment of an interim on the ordinary shares, The Aspatria garment making unit continues to make progress with its increased number of direct operatives. A re-equipment scheme has commenced so as to obtain greater machine efficiencies,

The Congleton garment making unit is still undergoing difficulties in recruiting skilled labour locally and there remains a need to generate a more acceptable level of gross margin on their established lines.

Both the transfer printing business and cardboard box manufacturer have shown further improvement in profit-ability.

# Ellis & Everard up 38% but growth in U.S. slowing down

SECOND HALF profits of chemical merchants and processor Ellis & Everard came to £1.64m, to give a total of £3.52m for the year coded April 30 1985, a rise of 37.5 per cent over the comparable £2.86m.

The current year has begun satisfactorily in the UK, but the slowdown in eronomic growth.

has made it rather harder going in the U.S., the directors state.

However, they are confident that the group will consolidate successfully on last summer's 61 per cent increase in pre-tax profits (first half produced £1.87m against £1.16m), despite higher

slowdown in eronomic growth

premiums. premiums.

The directors are maiotaining the final dividend at 4p for an ucchanged total of 6.5p oet—after adjustment for the scrip issue last time this is equal to an increase of 0.59p. A further one-for 10 scrip is to be made. one-tor-10 scrip is to be made.

In the year 1984-85 lurnover
expanded from 156.09m to
£88.3m, and this generated a
gross profit of £17.67m, compared to £13.05m. Distribution
costs were £5.32m (£3.65m) and
administrative expenses £8.68m administrative expenses £8.68m

(£6.65m).
The overall 57 per cent

(11.3p) per share. comment

Earlier in the year, when analysts were predicting at least analysts were predicting at least £3.7m pre-tax for Ellis & Everard, the shares stood at 250p. By yesterday morning the price was mure than a quarter below that and the full year outcome of £3.5m was clearly no surprise for anybody but small shareholders not privy to the subtle changes in analysts' forecasts that any towards making casts that gn towards making an efficient market. Even so a second half profils fall of an second half profils fall of an eighth against the interim is less than inspiring. Most of the problems have come in the U.S. where the morket has been slower and margins remain under pressure. Never the less expansion there still dominates thinking (not surprisingly given the size of the market) and E & E will soon commence pre-(f6.85m).

The overall 57 per cent increase in sales was made up as to a 9 per cent lift in merchanting, 12 per cent in fine chemicals, 19 per cent in exports, 24 per cent in manufacturing, 39 per cent in manufacturing, 39 per cent in AICC, and the inclusion of Prillaman.

The group's U.S. interests rontributed an operating profit of £1m, rompared with £443,000, or \$1.25m (\$647,000). Of this the

#### Park Food shows 21% rise progress being achieved in other

Park Food Group, which packs

Park Food Group, which packs and supplies hampers, raised pre-tax profits by 21 per cent from \$1.57m\$ to \$1.9m\$ for the year ended March 31, 1985. Turnover was 37 per cent higher at \$39.25m, against £28.65m.

An increase in full year profits had been predicted at the interim stage, when — reflecting the seasonal nature of its main business — the group reported pre-tax losses of £1.64m (£1.41m).

The current year has again business of \$2.4p\$.

The current year took £869,000 (£760,000) and eornings per 10p share come out at 10.08p (£.01p). The dividend total is raised from 32p to 3.6p net with a final of 2.4p.

Sales and profits in the main business of £1.64m (£1.41m).

Sales and profits in the main business of Christmas bampers and vouchers were again substantially up

In other food activities, and add that the signs for the current year look £669,000 (£760,000) and eornings per 10p share come out at 10.08p (£.01p). The dividend total is raised from 32p to 3.6p net with a final of 2.4p.

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Sales and profits in the main business, which is a final of 2.4p.

In other foods activities, and add that the signs for the current year look £669,000 (£.760,000) and eornings per 10p share come out at 10.08p (£.01p). The dividend total is raised from 32p to 3.6p net with a final of 2.4p.

# RECORD RESULTS FOR 1985

| Year to 31st March          | 1985   | 1984   | Increase |
|-----------------------------|--------|--------|----------|
|                             | £°C    | 000's  |          |
| Turnover                    | 18,279 | 15,351 | + 19%    |
| Trading Profit              | 1.785  | 1,013  | + 76%    |
| Operating Profit before Tax | 1,331  | 545    | + 144%   |
| Net Earnings per Share      | 8.86p  | 5.03p  | + 76%    |
| Net Dividends per Share     | 2.00p  | 1.25p  | + 60%    |
| Net Assets per Share        | 56.26p | 49.40p | + 13%    |

#### HIGHLIGHTS FROM THE PRELIMINARY ANNOUNCEMENT FOR 1984/85.

\* Turnover up by 19%. \* Operating profit before tax up by 144%.

\* Dividends up by 60%.

\* All the Group manufacturing companies are operating with full order books and worldwide demand remains high. \* Increasing export markets.

> Sekers International PLC 15/19 Cavendish Place, London W1M 9DL.

Notice of Redemption to the Holders of

#### Heritage Communications International Finance N.V. 8½% Convertible Subordinated Bonds Due 1999

Heritage Communications International Finance N.V. hereby gives notice that it will reduce all of its 817% Convertible Subordinated Bonds due 1999 (the "Securities") on August 9, 1985 (the "Redemption Date") at a price of 105% of the principal amount thereof (the "Redemption

On the Redemption Date, upon presentation of the Securities together with all coupons maturing thereafter, the Redemption Price will become due and payable upon all such Securities along with interest accrued thereon from April 1, 1985 to the Redemption Date in the amount of \$151,11 for each 55,000 principal amount of Securities. Interest shall cease to accrue on and after the Redemption Date.

The conversion price of the Securities is \$12.00 per share of Heritage Communications, Inc. common stock. The right to convert the principal amount of the Securities will terminate at the close of business on August 9, 1985. Pursuant to the terms contained in the Securities, the Company will pay to the holder of any Security which is presented for conversion a cash sum equal to the accrued interest thereon from April 1, 1985 to the date of conversion. Registered Securities may be surrendered for conversion or redemption at Citibank, N.A., Corporate Trust Services, 5th Floor, 111 Wall Street, New York, New York, 10043. Bearer Securities may be surrendered for conversion or redemption at Citibank, N.A., 336 Strand, London WC2R 1HB, Citibank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg, Citibank, N.A., Avenue de Tervuren 249. B-1150 Brussels, or Citibank, N.A., 16 Quai General Guisan, CH1211, Genera 3.

The redemption is pursuant to the second paragraph of the reverse of the forms of Securities set forth in Section 202 of the Indenture dated April 1, 1984, which provides that the Securities may be redeemed prior to April 1, 1988 provided that the closing price per share of Heritage Communications, Inc. common stock on each day on which there was a closing price during a 30-day period immediately preceding the thirtieth day preceding the date on which notice of redemption is first published is at least 130% of the conversion price in effect on each such day.

The preceding condition has occurred.

Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Compliance Act of 1985 unless the Paying Agent has the rorrect tax identification number (social security or employer identification number) or Exemption Certificate of the payee. Please furnish a properly rompleted Form W-9 or Exemption Certificate or equivalent when presenting your Securities.

Dated: July 9, 1985 Heritage Communications International Finance N.V.

# BASE LENDING RATES Hill Samuel

BASE LENI

A.B.N. Bank 12 %
Allied Dunbar & Co 12 1 %
Allied Irisb Bank 12 1 %
American Express Bk 12 1 %
American Express Bk 12 1 %
Amro Bank 12 1 %
Associates Cap. Corp. 13 %
Banco de Bilbao 12 4 %
Bank Hapoalim 12 1 %
Bank of Ireland 12 1 %
Bank of Ireland 12 1 %
Bank of Cyprus 12 1 %
Bank of Srotland 12 1 %
Bank of Srotland 12 1 %
Bank of Srotland 12 %
Brit Bank of Mid. East 12 %
Brit Bank of Mid. East 12 %
Brit Bank of Mid. East 12 %
Brit Bank Nederland 12 %
Canada Permanent 12 %
Canada Permanent 12 %
Cayzer Ltd. 12 %
Canada Permanent 12 %
Catibank NA 12 1 %
Choulartoos\*\*
Citibank Savings 12 %
Citibank Savings 12 %
Citibank Savings 12 %
Citydesdale Bank 12 %
Cooperative Bank 12 %
Cooperative Bank 12 %
Cooperative Bank 12 %
Choupan Lawrie 12 %
Chouncan Lawrie 12 %

Morgan Grenfell 12 %
Mount-Credit Corp. Ltd. 12 %
Mount-Credit Corp. Ltd. 12 %
National Bk. of Kuwalt 12 %
National Girobaok 12 %
National Westminster 12 %
Northern Bank Ltd. 12 %
Norwich Gen Trust 12 %
People's Trust 13 %
Provincial Trust Ltd. 13 %
Provincial Trust Ltd. 13 %
R. Raphel & Sons 12 %
Royal Trust Co. Canada 12 %
Royal Baok of Srotland 12 %
Royal Trust Co. Canada 12 %
Standard Chartered 12 %
Standard Chartered 12 %
TCB 12 %
Trustee Savings Bank 12 % TCB 121
Trustee Savings Bank 12
United Bank of Kuwait 12
Uoited Mirrahi Bank 12

Westpac Banking Corp. 121% Whiteaway Laidlaw ... 13 % Williams & Glyn's ... 12 % Yorkshire Bank ...... 12 %

7-day depoints 3.75%. 1 month 9.5% Top Tier—(2.500+ at 3 monthly notice 12%. At call when (10.000+ remains deposited.

Co-operative Bank 12 %
The Cyprus Popular Bk, 12 %
Duncan Lawrie 12 %
E. T. Trust 13 %
Exeter Trust Lid. 12 %
First Nat. Secs. Ltd. 13 %
First Nat. Secs. Ltd. 13 %
Robert Flemiog & Co. 12 %
Robert Flemiog & Co. 12 %
Grindlays Bank 12 %
Guinness Mahon 12 %
Hambros Bank 12 %
Heritable & Gen. Trust 12 %
Gemand deposits over 11.000 10%.

# Blunder gave IBM a world lead in factory automation sales

BY RAYMOND SNODDY

aided design companies have per cent in 1984 made a major strategic blunder A better educat in their battle with IBM for the world market for computer ided design and manufacturing (CAD/CAM), a leading specialist researcher believes. leading

Mr Charlea Foundyller, of Daratech consultancy, who has just completed a major survey of the market which shows that the long expected shakeout in the industry is underway, be-lieves aomething strange began to happen about the middle of last year.

starting to feel the aqueeze and baving to lay people off, started to emphasise computer integrated manufacture (CIM) to go for growth. The future, they argued key not just in CAD but in systems that in-tegrated everything from inventory control, finance and design.

"The purchasing decisions started to move from the engineers to the data processing managers," Mr Foundyller believes. Engineers might know all about Computervision products but the data processing managers were more familiar

"Suddenly companies like atarted fioding themselves com-peting with IBM on its home round. In effect that strategy anded IBM the CAD/CAM market on a silver platter," Mr Foundyller said.

At the same time as the traditional CAD/CAM companies were being squeezed at one end by integrated IBM systems they were facing trouble at the other by the increasing use of small personal computers for computer aided design at a frac-tion of the cost of large dedi-

SOME OF the leading computer ted 24 per cent-down from 53 A better educated market, and more cautious capital spending bas led to increasing difficulties for weaker companies with less competitive products

"The survivors are going to be companies that maintain a technological edge with products that can co-exist with IBM's mainframe, workstation and network strategy," the survey says. The U.S. is still the dominant CAD/CAM market with Europe

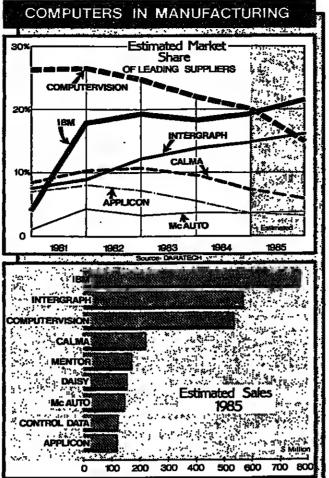
a long way behind.
"The entire installed CAD/ Major American CAD/CAM CAM installed base in Germany companies such as Computer vision and Applicon, which were The UK's CAD/CAM installed base is twice that of Boeing,' Mr Foundylier points out.

IBM will increase its lead as the industry sales leader this year, Daratech believes. Its share of the CAD/CAM and CAE (computer assisted engineering) will grow to 23 per cent in 1985 with system sales of \$790m, seven points ahead of its closest rival Intergraph.

Daratech believes that IBM is preparing a number of single user systems based on personal computers and powerful new general-purpose engineering workstations. Industry source believe the new workstations will be 32 bit machines which will use the UNIX operating system and cost between \$15,000 and \$40.000 for the bottom of range.

"Once these new products be-come available IBM will have surrounded the market with an array of compatible products in all price ranges," Daratech says, Acceptance of personal com-puter-based CAD/CAM, CAE by remarkable.

With an estimated 42,000 puter. units installed at the end of March 1985, Daratech believes charge is being led by Autothat already more than one desk, a Sausalito, California



research company believes, is runs on 30 different models of starting to burt sales of the high end systems that can cost up to \$120,000 a seat.

"Users are finding that tems often give them 70 per cent of the benefit for 20 per cent of the cost and are year. increasingly opting for the lower-cost systems," Daratecb

The company expects the move to personal computers to accelerate quickly when more powerful machines with better displays are introduced later

"By 1990 personal computer power will have increased so much that more than nine out of all market segments has been ten CAD/CAM, CAE seats will use a personal or desktop com-

third of all CAD/CAM, CAE software company which has According to the Daratech seats are based on personal survey, which looks at all CAD/ computers," the survey says.

CAM companies operating in the American market, revenue these systems, which usually system for mechanical and growth has slowed to an estimation of the computers, which usually system for mechanical and growth has slowed to an estimation of the computers, and buyers guide Europe from Electron of these systems, which usually system for mechanical and publications PO architectural applications that the companies of the computers, and buyers guide Europe from Electron of the companies operating in the companies operating i

personal computers.

Most of the major players in the CAD/CAM market, Daratecb believes, will bave already entered the personal computer segment or plan to announce systems before the end of this

Building revenues in this segment has bowever been difficult for established turnkey system vendors because of low unit pricea, and because users apparently prefer to buy personal computer bardware indepen-dently or use computers aiready purchased for other purposes.

Yet despite the great uncertainty over the whole sector Daratech believes that the "woes at Computervision which posted a 1985 first quarter loss of \$19m, and Calma which was impossible in 1984 and was forced to lay off 115 workers in April, 1985, do not appear to

The Daratech survey, review and buyers guide is available in Europe from Elsevier Scientific Publications PO Box 211, 1000

# Divide is the rule for making the most of overloaded computers

THE LOTUS software package "Symphony," a massive spread-sheet coupled to file bandling. graphics, communications and word processing programs is generally reckoned to be at the very limits of integration — at least using today's technology. While the quality of the individual components of the

package is not in question, there is a general belief that it, and indeed its precursot 1-2-3, is not easy to use. Indeed. the UK expert systems company Expertech is developing a pack-age to give Lotus users expert advice when they find them-selves unable to cope with Lotus' error messages

So "integration" has ceased to be the flavour of the month. But that does not mean that personal computer users will be prepared to go back to load-ing and unloading individual programs to carry out business computing. What they are looking for is a simpler level of integration which can be easily understood, mastered and. above all, put into practice

The market for low-cost, easy-to-use personal computer

A smart piece of software divides the memory into segments

programs that automate simple office functions, or which make to use is substantial. Consider, for example, the case of the U.S. aoftware bouse Borland

International,
It packaged a small but
powerful pcogram, Sidekick,
which enabled the user to interrupt one activity on the com-puter, load in another and then return to the original program at exactly the point of interruption. At around \$70, it proved a runaway success.

Now, however, the accent is on integration without tears. An integrated package like 1-2-3, Sympbony, Framework or Open Access certainly allows the user to move between different pro-grams, but only those which are part of the package, for example between a spreadsheet and a The latest idea is memory

partitioning; it involves a smart piece of software which divides the memory of the computer into separate segments so that two or more programs can be loaded into the computer at the

Windowing programs which

Professional Personal Computing

BY ALAN CANE

allow the screen to be divided up into a number of different sections ("windows") each running a separate program, are one approach to memory partition. The best known are the mucb-delayed Windows from Microsoft, Concurent PC-DOS from Digital Research and Desq. In addition, IBM created a stir late last year when it an-nounced its own windowing programe " Topview."

Microsoft's Windows was on display at a recent personal computer user abow in London, but it is still, apparently, only available to applications de-velopers and systems builders for the time being.

But there seems to be something of a groundswell of opinion against the windows concept. Suppliers do not be-lieve that personal computer users make much use of windows for running programs aimultaneously. Caxton, for example, a leading UK software publishing house sys: "We feel that windows are cumbersome and unnecessary.

And writing in the authoritative U.S. magazine Software News, Mr Andy Johnson-Laird argued: "The real problem is that windows look really good in a self-running demonstration or on the page of a magazine." But look closely at any advertisement or demonstration of windowing software and you will see the you are looking through keyholes at various applications."

"Look bard and you will reallse it would be unworkable." Everybody, bowever, praises screen lcons, small pictures of particular activities on the screen which are used in con-junction with the screen cursor to initiate those activities, A small picture of a calculator,

for example, would be the key into the computer's mathematical functions.. NEC, for example, uses a simple Icons in the "Foundation Suite" software It gives away

is exemplified by a package called "Memory/Shift." now available in the UK from Caxton (and available by mail order, in imitation of the strategy pionaered by Borland International in the U.S.)

According to U.S. software expert Hillel Segal of Executive Computing newsletter: "Memory/Shift is an amazing \$99 program that stands in a class all by itself."

It makes it possible for a computer user to segment the main memory of the computer into up to nine sections. Each section can be loaded separately with a program Rab Emake. section can be loaded separately with a program. Bob Huckle, marketing director of Caxton says be thinks most people will use two or four sections rather than all nine.

Most IBM PC users seem to bave machines with at least 256K bytes of store, so two 125K programs could be loaded

Mr Huckle speaks from his own experience: "My PG has 640K and each morning I anto-matically load Wordstar, Card-box (a boxfile pcogram), Brainatorm (an ideas organiser) and Timekeeper (office managemen

**6**Now personal computers can be used for new tasks 🤊

system).

He says: "It gives the user the ablity to use his PC for tasks that be could not use it for before because the tools reouired needed to be on band all the time.

"Now he or she can have Lotus 1-2-3 running all day but be can also computerise his card index, notepad, diary or

Data can be moved from segment to segment and the user can skip from one segment to the next by pressing one or two Memory/Shift does not us

windows or allow two programs to run simultaneously nor does it run with all pro grams-it cannot be used with "background programs like Sidekick for example, because they both make use of the same parts of the computer's operating system.
Nevertheless, it seems to have

Suite" software it gives away free with its very powerful APCHI personal computer.

A second method of memory partitioning which is very big business in the U.S. at present market.

A second method of memory partition market.

Contracts and Tenders



#### New style components from STC

STC COMPONENTS bas begun full production of tantalum chip capacitors for surface mounting applications and will soon be making several militon a week at its plant in Palguton, Devon.

Surface mounting of electronic components on printed circuit boards is expected to be widely used by makers of professional electronic equipment in the next few years.

Instead of using integrated circuits, resistors and capacitors with wire legs that are inserted into holes in the board and soldered on the reverse side, surface-mounted components simply have contact pads which are directly soldered to the top side of the

More components can be packed on to the board, reducing its size by np to 50 per cent and connections are more reliable. The legiess components are easier for insertion machinery to handle and the absence of the short lengths of wire improves high frequency performance.

STC's chip capacitors are supplied in taped or reeled form with delivery times of 9-10 weeks. More on 0279

#### **Bank offers** payroll training

CENTRE-FILE, the computer services subsidiary of National Westminster Bank, has launched a two-day payroll training course for new

employers.
It covers income tax, national insurance, statutory sick pay, pensions, procedures for new employees and leavers and end of year tax routines. The lectures are aimed at people with little or no knowledge of payroll procedures or calculations.

( Mark (

The courses cost £175, including food and refreshments, and take place at the bank's Goodmans Fields com-plax in Aldgate, East London.

This advertisement appears as a matter of record only

Nationale Maatschappij der Belgische Spoorwegen (NMBS)



Société Nationale des Chemins de fer Belges (SNCB)

¥10,000,000,000

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The Long-Term Credit Bank of Japan, Limited The Nippon Credit Bank, Ltd.

The Yasuda Trust and Banking Company, Limited

The Taiyo Mutual Life Insurance Company

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Coordinator

Nippon Life Insurance Company

The Mitsui Trust and Banking Company, Limited

June, 1985

The Yasuda Mutual Life Insurance Company

# WORLD MOTOR

FRANKFURT **SEPTEMBER** 12 and 13, 1985

The Financial Times is arranging a major conference on the World Motor Industry in Frankfurt on 12 and 13 September with the Frankfurt Motor

The distinguished panel of speakers will include

Bob Lutz of Ford Umberto Agnelli of Fiat and Bernard Hanon

For further details contact: Karen Eve on 01-621 1355

Financial Times Conference Organisation, Minster House, Arthur Street, London EC4R 9AX

Tel: 01-621 1355 Telex: 27347 FTCONF G

REPUBLIC ALGERIENNE DEMOCRATIQUE ET POPULAIRE

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES

(Ministry of Energy and Petrochemical Industries) ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS

(National Oil Exploitation Company)

NOTICE OF EXTENSION The Nadonal Oil Exploitation Company (E.N.T.P.)—16 ROUTE DE MEFTAH—OUED SMAR—EL HARRACH—ALGER—hereby informs companies concerned with International Call for Tender No: 9140/AY/MEC for the supply of:

- Lot No 1:-Ambulances L.R. Type 109 -- Lot No 2:-- Jeeps for trouble-shooting/inspection purposes Type 109 that the closing date, initially, set at 1/7/85, has been extended to 7/8/85.

### REPUBLIC ALGERIENNE DEMOCRATIONE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES (Ministry of energy and Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS (National Oil Exploitation Company)

NOTICE OF EXTENSION

The National Oil Exploitation Company (E.N.T.P.)—16 ROUTE DE MEFTAH—OUED SMAR—EL HARRACH—ALGER—hereby informs compenies concerned with international Call for Tender No: 9138/AY/MEC for the supply of: - Lot No 1:-Tractors 6 x 6 equipped with winch, 450-500 h.p.

#### Company Notices

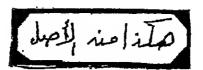
- Lot No 2:-Tractors 6 x 6 with 30-ton capacity, 300 h.p.

that thet closing dete, inidally set et 1/7/85, has been extended to 7/8/85.

BANK HANDLOWY W. WARSZAWIE S.A. Registered Office: Trangutta 7-9 Warszawa | Poland Floating Rate Notes 1979-1989 pf U.S.51.009

Art Galleries

SANDVIK Sandvikens Jernverks Aktiebola U5\$15,000,000.00 9% Bonds 1986 US\$15.000,000.00 9% Bonds 1986
14th Redemption due
1st August 1925
in column 13 of the bond
redemption notice for the
ebove compeny which was published in the Financiel Times
on Fridey 12th July the bond
number 4040 should heve read
5040.



Copies of this document, having attached thereto the documents referred to herein, have been delivered to the Registrar of Companies for registration.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Lewmar plo ("the Company") and its subsidiaries (together "the Croup" or "Lewmar"). The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or opinion. All the Directors accept responsibility accordingly.

Application will be made to the Council of The Stock Exchange for the grant of permission to deal in the Ordinary shares of the Company, issued and to be issued, in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to the Official List.

The application lists for the Ordinary shares now being offered for sale will open at 10.00 a.m. on Monday, 22nd July, 1985 and may be closed at any time thereafter. The procedure for application and an application form are set out at the end of this document.



# LEWINGAR DIC

# Offer for Sale Phillips & Drew

6,000,000 Ordinary shares of 25p each at 110p per share payable in full on application



SHARE CAPITAL

**Authorised** 7,250,000

in Ordinary shares of 2Sp each

issued fully paid 5,958,184

Issued and to be

The Ordinary shares now being offered for sale will rank in full for all dividends hereafter declared or pald,

#### INDEBTEDNESS

At the close of business on 17th June, 1985, the Group had outstanding unsecured bank overdrafts of £57,000, secured bank overdrafts of £313,000, secured term loans of £582,000, unsecured term loans of £56,000 and mortgage loans of £70,000.

Save as aforesaid and apart from Intra-group indebtedness, the Group did not have outstanding at that date any mortgages, charges or debentures, any loan capital issued or created but unissued, or any other borrowings or Indebtedness in the nature of borrowing, including bank overdrafts, term loans and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or lease commitments under leasing agreements (other than operating leases) or guarantees or other material contingent liabilities.

#### **DIRECTORS AND ADVISERS**

BOARD OF DESCROES
John Donne Burton, MA (Chairman)
Martin Jay, MA (Managing Director)
Thomas Rolf Eliassen, BSc (Eng.), MBA, (US)
David John Heaton, BSc, FCA
Richard David John Huggett
Charles Anthony Bystram BA (Non executive) all of Southmoor Lane, Havant, Hampshire, PO9 133 SECRETARY AND REGISTERED OFFICE David John Heaton, BSc. FCA Southmoor Lane, Havant, Hampshire, PO9 111 STOCKBROKERS AND FINANCIAL ADVISERS Phillips & Drew, 120 Moorgale, London, EC2M 6XP AUDITORS AND REPORTING ACCOUNTANTS Chartered Accountants, 1 Surrey Street, London, WC2R 2PS SOUCTORS TO THE COMPANY

18

Linklaters & Paines, Barrington House, 59-67 Gresham Street, London, EC2V 7JA SOLICITORS TO THE OFFER FOR SALE 76 Jermyn Street, London SW1Y 6NR PRINCIPAL BANKERS

Barclays Bank PLC, 10-12 High Street, Emsworth, Hampshire, PO107AP RECEIVING BANKERS New Issues Department, PO Box 123, Fleetway House, 25 Farringdon Street, London, EC4A 4HD

REGISTRARS AND TRANSFER OFFICE Barclays Bank PLC, Registration Department, Radbroke Hall, Knutsford, Cheshire, WA16 9EU

#### SUMMARY

The following information is derived from the full text of this document and accordingly should be read in conjunction with that text:

The Group is one of the world's leading designers, manufacturers and distributors of sophisticated equipment for racing and cruising yachts. Products include a matched range of winches, sail control hardware, rod rigging, hydraulic systems and hatches.

Lewmar's comprehensive range of products is designed and manufactured within the Group and marketed to boarbuilders and independent distributors, principally under the trade names "Lewmar" and "Naviec". The equipment is of a high specification and quality and utilises advanced lechnology. The Group has earned a reputation for innovation, reliability and technical excellence in high performance applications, which has enabled it to build a leading position within its industry. It is dedicated to following the same approach in securing further growth.

TRADING RECORD 1981 £'000 £1000 £'000 £'000 £'000 11,834 5,832 6,687 7,887 14,810 Turnove t,t58 (393) 1,821 (652) 2,822 [1,156] Profit before taxation 385 1,169 Profit after taxation 308 765 1,666 8.00 Earnings per share OFFER FOR SALE STATISTICS

Offer for sale price per share

Number of shares in issue following the offer for sale
Market capitalisation at the offer for sale price
Number of shares being offered for sale
—by existing shareholders
—by the Company Earnings per share"
—after the actual tax charge of 41 per cent.
—assuming a notional tax charge of 35 per cent.

Price earnings ratio
—after the actual tax charge of 41 per cent.
—assuming a notional tax charge of 35 per cent. Gross dividend yield based on the indicated annual dividends of 2.625p per share (being 3.75p including

the associated tax credit "Calculated on the basis set out under "Profits and Financial Position" below.

be specified by builders and yachtsmen.

#### INTRODUCTION AND MARKET BACKGROUND

The Group is one of the world's leading designers, manufacturers and distributors of sophisticated equipment for racing and cruising yachts. The Group's principal products

Mechanically geared devices used to tension ropes and adjust
the sals on a yacht.
 A range of products designed to assist in the control of the
many ropes which are a feature of almost all yachts.
 A system to support the mast and control its bend using high
tensite stainless steel alloy roots, which others considerable
benefits over conventional wire nigging.

large loads to be moved with latter physical effort. These systems are mainly used to change the bend of the mast and the precise

shape of the sail.

A range of products made from extruded aluminium alloy, used to gover openings in the deck of a boar to provide ventilation and access below deck. tewmar's success in recent years has been founded largely on its dedication to the

tewmar's success at recent years has been rounded togeny on as bedication to the design and development of let hindologically advanced products for high performance applications in the sating world. Nine of the twelve challengers lot the 1983 America's Cup, including both finalists, chose to be equipped with "Lewmar" winches. In the same series, all twelve competions used not regard and hydraulic equipment supplied by Naviec Inc. I"Naviec"), a US subsidiary of the Group.

The Group's headquarters and main manufacturing plant are located in Havant, Hampshire. The Group also has manufacturing facilities in Waterford, Republic of Ireland, and Littleton, Massachusetts, USA.

The Croup's potential markets are worldwide and in the last financial year over 90 per cent, of sales were made outside the UK. The Directors believe that the Group encrys the largest single share of the world market for vachit winches. Lewmar has received three Queen's Awards for its contribution to exports.

warer Queen's rewards for its contribution to exports.

The Group's principal customers are boabuilders and thus the market for its products is influenced by trends in yachi construction. The Directors believe the market is likely to show steady growth in the next low years as personal expenditure on lessare activities increases in developed counties. The Group benetits both from the desire of boat-builders to specify well-known, international branch and torn the trend in recent year towards larger, more sophisticated hosts and equipment. Furthermore, Lewman's success in the racing environment, and the publicity which like success has given its products, is an important factor in the selection by boatbuilders of "Lewman" and "Naviec" equipment for their boars.

#### HISTORY

The business was founded in 1946 to manufacture yacht equipment. John Burton joined Lewmar Marine Limited in 1966 as Chairman and Managing Director and acquired control of that company in 1967 on behalf of the J. D. Burton Settlement, a trust established by him for the benefit of his family. He implemented a programme for expansion based upon concentrating on the manufacture of winches and developing international markets.

During the following ten years, distribution centres were progressively established in the Group's major overseas markets, namely in the USA and in Continental Europe. The European distribution centres now consist of one in France covering Southern Europe and one in Sweden covering Scandinavia, whilst North America is serviced from Rhode Island, California and Ontario. The Group's central production facilities in Havan1, which it occupied during 1971, have been expanded to match the growth in sales volumes.

A second factory was established in Ireland in 1976 by Waterford Engineering Limited ("Waterford"), which manufactures brass and aluminium alloy diecastings for Lewman.

In June, 1983, there was a significant expansion in the U5 with the acquisition of Navtec, which the Directors believe to be the world's leading manufacturer of rod rigging and hydraulic mast control systems, to complement Lewmar's existing expertise in sail control systems.

The prospectus treats as part of the Group those companies which have been under common management during the period reviewed, including Waterford and Navtec which were directly owned by the Trustees of the J. D. Burton Settlement until July, 1985, when they were transferred to the Group.

#### BUSINESS

#### A PRODUCTS

Winches: Lewmar manufactures manually, hydraulically and electrically operated winches for yachts of sizes ranging from 20 feet to over 100 feet. Specific customer needs are met by the manufacture of a range of winches with a variety of speeds and sizes. In general, the power and sophistication of the winch is commensurate with the size of the yacht. The sales price of a typical set of winches for a 30 foot yacht is approximately £500. However, a single large winch can retail at up to £10,000. To comply with international racing regulations, winches must be

driven manually on racing yachts and Lewmar supplies linked winch systems where several winches are connected by a series of gearboxes, clutches and couplings to pedestals where up to ten men supply the necessary power. Winches and winch systems are engineered to high specifications to minimise weight and to maximise speed, efficiency and reliability under

For large cruising yachts, winches can be driven either electrically or hydraulically and Lewman has pioneered the use of microprocessor-controlled hydraulics with simple "push button" controls. The principal application of these products is where it is desired to minimise the

<u>Deck hardware</u>: The "Lewmar" range of hardware is designed to work together as an integrated system to give an efficient deck layout. Products include solent blocks, boom vangs, foot blocks, snatch blocks, mainsail systems, genoa systems and snapshackles.

Rod rigging: The Directors believe that the Group is the world's leading supplier of solid rod rigging systems for yachts. Solid rod rigging has, until recently, been largely restricted to competitive racing and high performance production boats because, although it has advantages over conventional wire rigging in terms of reduced stretch and drag, it is more expensive. As a result, rod rigging currently represents a small proportion of the world's total rigging market. A complete "Navtec" rod rigging system for a 40 foot yacht retails for approximately £2,500. However, recent advances by the Group have decreased the cost differential between rod and wire rigging. "Navtec" rod rigging is therefore increasingly likely to

Hydraulic systems: Navtec also manufactures hydraulic pumps and rams, an important part of many larger yachts' overail mast and sail control systems. Hydraulic controls are becoming increasingly used on vachts where a high load must be applied over a short distance. In particular, they allow the crew to bend the mast, and thus control sail shape, more easily. A set of hydraulic controls can sell for as little as £500 for a typical 35 foot yacht, but hydraulics for large, sophisticated yachts can cost up to £28.000.

#### Others

Hatches: The Group manufactures a range of hatches and portlights for yachts and powe boats. These products have been designed to overcome many of the problems associated with traditional hatches and portlights by incorporating a number of innovative features

Sailing dinghies: In June, 1983, the Group acquired Sailskiff Sportscraft Limited ("Sailskiff"), whose principal business is the manufacture and distribution of sailing dinghies under the brand name "Tonic". In the year ended 28th February, 1985, this activity accounted for less than one per cent. of Group turnover.

Analysis of Sales

110p

23,832,735 £26.2 million

An analysis of the Group's sales by product for the three years ended 28th February, 1985 is set out below:

Year ended 28th February, 1983 1984 £'000 £'000 £'000 per cent. 7,312 9.384 10,581 Sail control systems 71 Masi control systems' 1,629 2.954 Others (including hatches) 575 821 1,275 7,887 11.834 14,810 100

\*Navtec was acquired in June, 1983. Sales of mast control systems during the year ended 28th February, 1984 represent Group sales of Navtec products since its acquisition. The majority of the Group's sales over the last three years is accounted for by sail control products, primarily winches. The Group has, however, reduced its dependence on these products over the same period by successful diversification into product lines with good growth potential. This has been achieved both by the move into mast control systems on the acquisition of Navtec and by a significantly increased penetration into the hatch market. 5ail control products have also provided the major contribution to Group pre-tax profits over the last three years. Increasingly significant contributions have however been earned in 1984 and 1985 from rod rigging and hatch manufacture.

The manufacture of the Group's products requires a wide range of base materials and the Group has more than 500 suppliers. In the year ended 28th February, 1985, no single supplier accounted for more than 8 per cent, of total purchases.

The Directors place great emphasis on innovation. In the year ended 28th February, 1985, total expenditure on design and development, including externally funded development, amounted to approximately £530,000. The Group employs a well-qualified, inventive and enthusiastic design team, which has pioneered advances in a number of areas, including the

development of three-speed winches, the introduction of cross-linking on winch systems and the use of microprocessor-controlled hydraulics. As in the car industry, international racing is the forum in which the latest equipment is tested



and proven for subsequent volume production. Lewmar is a leading supplier of sailing equipment to racing yachts, and therefore is able to evaluate product innovations under testing conditions, whilst enhancing sales prospects through the publicity attaching to racing success. The design team has recently completed several new projects which are now entering production, including improvements to its more sophisticated winching systems for the 12 metre racing market, a new model of winch for large crulsing yachts, an extended range of hydraulic winch systems for small yachts, a redesigned range of negling screws and a range of

#### D. PATENTS

The Directors' policy, where possible, is to obtain and enforce patents on all product innovations. Lewmar has a total of 39 registered patents, 15 pending applications for registration and 10 registered trademarks extending Imo the 1990's in a number of jurisdictions.

#### E MANUFACTURING

The Group manufactures the entire product line, with the exception of certain specialist engineering operations, which are subcontracted.

The manufacturing facilities, details of which are given under "Premises" below, are organise under the "group technology" system. The Company was one of the first organisations in the UK to pioneer this concept. Under "group technology", production is organised into cells. Each cell performs a series of production processes to produce the parts from which finished products are assembled. The process has the advantage of increasing production efficiency by cutting lead times and also has intangible benefits in training employees in a variety of skills and Increasing job satisfaction.

The Group has a continuing capital investment programme to update production technology, including the introduction of robotic and CNC (computer numerically controlled) machiner The combination of this programme and the application of "group technology" has enabled the Group to increase productivity significantly.

Rigorous quality control procedures are employed throughout the manufacturing process to ensure that finished products meet the precise tolerances and specifications required.

#### F. MARKETING

The Group's marketing strategy has been to establish its own sales and distribution outlets in the principal yacht manufacturing centres around the world and to use independent distributors or agents elsewhere. This policy has given the Group international coverage for its products, on which it has based a high quality customer service to boatbuilders around the globe. The Group's main products are sold under the "Lewmar" or "Navtec" brand names, which enjoy a good reputation with yachtsmen the world over. This enables the Group to market its products as a co-ordinated range of equipment which will provide the discerning buyer with an integrated sailing system for his vessel. The sales team has utilised the Group's reputation for "state of the art" design, quality production and customer service to achieve significant sales growth in recent years.

An analysis of the Group's sales by geographical area for the three years ended 28th February, 1985, is as follows:

|                    | Year ended 28th February, |               |               |                   |  |  |
|--------------------|---------------------------|---------------|---------------|-------------------|--|--|
|                    | 1983<br>£'000             | 1984<br>£'000 | 1985<br>£'000 | 1985<br>per cent. |  |  |
| United Kingdom     | 809                       | 1,061         | 1,344         | 9                 |  |  |
| Continental Europe | 3,941                     | 4,729         | 6,005         | 40                |  |  |
| North America      | 2,508                     | 5,073         | 6,327         | 43                |  |  |
| Rest of the World  | 629                       | 971           | 1,134         | · g               |  |  |
|                    | 7,887                     | 11,834        | 14,810        | 100               |  |  |
|                    |                           |               |               |                   |  |  |

Group sales have improved throughout the period in all major markets. A significant part of the increase in North America resulted from the acquisition of Navtec.

The Group sells almost exclusively to boatbuilders and to independent distributors and agents for supply to smaller manufacturers and ship chandlers. Consequently, the Group has a relatively small number of customers and only rarely supplies equipment directly to the end-user. However, in the year ended 28th February, 1985, the largest customer accounted for less than 5 per cent. of turnover.

#### PREMISES

The Group's principal manufacturing premises and head office are located at Havant in Hampshire. Additional manufacturing plants are located at Waterford in Ireland and Littleton, Massachusetts in the US.

The Directors believe that the Group's existing manufacturing premises are capable of meeting production regultements for the foreseeable future.

Details of the principal premises occupied by the Group are set out in paragraph 3 of "Statutory and General Information" below.

#### MANAGEMENT AND EMPLOYEES

#### DIRECTORS

The Directors of the Company are:

John Burton, MA, Chairman, aged 53, has an engineering degree from Cambridge University. He Joined Lewmar Marine Limited in 1966 as Chairman and Managing Director after working with GEC in manufacturing and with McKinsey as a business consultant. Since his appointment, Mr. Surton has been involved in all aspects of the Group's development.

rtin lay, MA, Managing Director, aged 45, has an eco University. After seven years with 8P, he joined GEC in 1969 and held a number of senior management positions. Prior to Joining Lewmar, he was a member of the GEC UK Board of Management and supervisory managing director of three subsidiaries. He was appointed Managing Director of the Company in June, 1985.

Thomas Eliassen, BSc (Eng.), M8A, aged 42, has overall responsibility for the Group's US operations. The holder of an engineering degree from Princeton University and a Saker Scholar from the Harvard Business School, he worked on the US atomic submarine programme between 1965 and 1970. In 1972, he became a minority shareholder and employee of Navtec and joined the Group in 1983 upon its acquisition of Navtec. He was appointed a Director of the Company in June, 1985.

David Heaton, 8Sc, FCA, aged 41, is Company Secretary and Director responsible for finance. The holder of a science degree from London University, he qualified as a chartered accountant with Spicer & Pegler. He was employed by Lucas Industries in its automotive and aerospace divisions for eleven years, including five years in North America. Prior to his appointment as a Director of the Company in June 1985, he was corporate treasurer and company secretary of Systime for ten months.

John Huggett, aged 43, is responsible for product design and development, project engineering, quality control and special products in the UK. He joined the Group in 1972 as a design engineer and has had responsibility for technical developments in the Group's UK operations since 1974. Prior to 1972, he had over ten years' previous experience in engineering and design. He was appointed a Director of the Company in June, 1985.

Charles Bystram, 8A, non executive, aged S5, is a director of United Biscuits and managing director of United 8iscuits International. He joined United 8iscuits in 1965, since when he has been involved in marketing and general management. He was appointed a non executive Director of the Company in October, 1984.

#### EMPLOYEES

As at 28th February, 1985, the Group had a total of 328 employees, including executive directors, of whom 235 were employed in the United Kingdom and Ireland, 79 in North Amenca and 14 in Continental Europe. The Group's employees were broadly divided into Directors and management, 36, production, 228 and technical and administrative, 64. The Directors believe that they have a committed workforce which welcomes changes in

working practices and technology. Staff relations at all levels are good. The Group provides a pension scheme for its UK employees, which is not contracted out of

the State scheme. In addition, the Group provides pension benefits under an executive pension scheme for John Surton. Separate arrangements are in force for certain overseas employees.

The Company established the Lewmar plc Employee Share Option Scheme in December, 1984. Further details of the Scheme, including details of options granted to date, are set out in paragraph 12 of "Statutory and General Information" below. A proportion of the shares being offered for sale has been reserved in the first instance for applications from eligible Directors and employees. Further details are set out in paragraph 13 of "Statutory and General Information" below.

#### PROFITS AND FINANCIAL POSITION

#### TRADING RECORD

The table below summarises the results of the Group for the five years ended 28th February,

| 1905, Furnier Details are se | roor in the Accour        |       |              |        |         |  |  |
|------------------------------|---------------------------|-------|--------------|--------|---------|--|--|
|                              | Year ended 28th February. |       |              |        |         |  |  |
|                              | 7981                      | 1982  | 198 <i>3</i> | 1984   | 1985    |  |  |
|                              | £'000                     | £'000 | £'000        | _£.000 | ₹,000   |  |  |
| Tumover                      | 5,832                     | 6,687 | 7,887        | 11,834 | 14,810  |  |  |
| Profit before taxation       | 385                       | 907   | 1,158        | 1,821  | 2,822   |  |  |
| Taxation                     | (77)                      | (365) | (393)        | (652)  | (1,156) |  |  |
| Profit after taxation        | 308                       | 542   | 765          | 1,169  | 1,666   |  |  |
| Earnings per share           | 1.5p                      | 2.6p  | 3.7p         | 5.6p   | 8.0p    |  |  |
|                              |                           |       |              |        |         |  |  |

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During the five years ended 28th February, 1985, the Group's sales have grown strongly in both volume and monetary terms. In the same period, profits before taxation increased by over seven times. Lewman's strong trading performance reflects underlying growth in sales volumes which have had a more than proportionate effect on profits because of the Group's relatively fixed overhead base. Furthermore, the acquisition of Navtec in June, 1983 has added significantly to Group turnover and profits during 1984 and 1985.

The profits reported for the period have been favourably influenced by the effect of fluctuating exchange rates, particularly the depreciation of sterling against the U5 dollar. Most of the Group's costs are incurred in sterling but over 75 per cent. of sales are made in foreign currencies. The Directors limit exposure to currency risk, by the use of forward exchange contracts, where considered appropriate.

The Group's taxation has fluctuated throughout the period, reflecting changing profit contributions and tax rates in the various countries in which the Group operates. The impact of taxation has also been affected by the Group's policy of partial provision for deferred taxation in the UK, as a result of which the tax charge has been directly affected by its ability to take advantage of available tax allowances on a continuing basis. The Group's tax charge in relation to profits before taxation rose in 1985 to 41 per cent. reflecting the abolition in the UK of stock relief and the reduction of capital allowances on plant and machinery in that year,

#### EARNINGS PER SHARE

On the basis of the 20,712,735 Ordinary shares which will be in issue following the offer for sale (excluding the 3,120,000 Ordinary shares now being issued by the Company for cash) earnings per share for the year ended 28th February, 1985 were 8.0p on the Group's actual tax charge of 41 per cent., and 8.9p on a notional tax charge of 35 per cent.

#### PRICE/EARNINGS RATIO

At the offer for sale price of 110p, the price/earnings ratio is 13.7 times on the basis of the actual tax charge and 12.4 times on the notional tax charge.

#### DIVIDENDS

In the absence of unforeseen circumstances, the Directors intend to recommend a final dividend of 1.54p per Ordinary share (2.2p Including the associated tax credit) in respect of the year ending 28th February, 1986, which will be payable in August, 1986 and thereafter to pay interim and final dividends in about January and August in each year. If the Company's shares had been publicly held throughout the current year, the Directors would have expected to recommend dividends totalling 2.625p net per Ordinary share. At the offer for sale price, this would have represented a gross dividend yield of 3.4 per cent. and the dividend would have been covered 3.1 times.

#### THE FUTURE -

REASONS FOR AND PROCEEDS OF THE OFFER FOR SALE

The Group's growth to date has been funded through retained profits and borrow However, the Directors have decided that it is now appropriate to seek entry to the Unlisted Securities Market, primarily in order to provide access to equity funding to finance future growth. It is the Directors' intention that the Group should continue to expand internationally, both by internal growth and by making acquisitions in related fields. No specific acquisition is being contemplated. The Lewmar plc Employee Share Option Scheme, combined with the market in the Company's shares, will assist the Group in attracting and retaining key

Phillips & Drew are therefore offering for sale 6,000,000 Ordinary shares in the Company, of which 3,120,000 are new shares being issued by the Company and 2,880,000 are being sold by the Trustees of the J. D. Burton Settlement, the principal shareholders of the Company, who will hold 73.8 per cent. of the issued share capital following the offer for sale. The net proceeds of the offer for sale payable to the Company will be approximately £3 million, which will be applied initially to reduce borrowings and to supplement the working capital of the Group.

#### CURRENT TRADING AND PROSPECTS

Since admission to the Unlisted Securities Market is taking place after only four months of the Group's financial year, the Directors do not consider it prudent for a forecast to be given for the current year. However, the current financial year has started satisfactorily with the Group experiencing a healthy improvement in turnover,

Both trading results and the Salance Sheet will continue to be affected in the future by ements in sterling against the major overseas currencies in which the Group receives the bulk of its Income, However, the Directors intend to continue the policy of limiting this exposure by using forward exchange contracts where they consider it prudent and appropriate to do so. In the Group's last completed financial year, this resulted in hedging in terms of sterling of over one third of the Group's net cash flow in non-sterling currencies.

The winch market overall appears to have only modest growth prospects, but the market for large yachts is growing strongly. The Directors believe that Lewmar is well placed to continue to improve sales and profitability in the high specification winch market by an increasing concentration on sophisticated higher added value products. Lewmar already has orders to equip nine 12 metre racing yachts for the next America's Cup In 1987.

The Group has only a small share of the world deck hardware market. However, this market is largely fragmented, with boatbuilders relying heavily upon specialist manufacturers of Individual product lines. The Directors believe that the Group's Integrated range of salling systems and equipment and its Internationally recognised "Lewmar" and "Navtec" brand names will help to increase its share of the deck hardware market. "Navtec" rod rigging presents good growth potential. Its merits are well known to yachtsmen

and, while at present it accounts for only a small share of the total rigging market, sales of rod

rigging are expected to grow rapidly at the expense of conventional wire rigging as rod rigging becomes increasingly competitive in price. Navtec is at the forefront of this market and well placed to benefit from these developments. mar has a prowing presence in the hatch market and a reputation for quality. The Directors expect the Company's market share to continue to grow and Lewmar has recently begun to sell hatches to builders of motor boats, which represents a new market for the

Group. A range of portlights has been added this year and has been well received. .: The Directors are confident that there is considerable scope for further expansion of the Group's business. Lewmar is in a good position to introduce new products and to take advantage of suitable opportunities to make complementary acquisitions as they arise, because of its reputation for quality and service and also because of its existing international sales and distribution network.

Over the last few years, the Group has grown rapidly and the Directors are confident that the quality of its products will ensure Lewmar's continuing success.

#### ACCOUNTANTS' REPORT

The following is the text of a Report received from Arthur Andersen & Co., Chartered Accountants, the reporting 12th July, 1985 The Directors

The Partners, Phillips and Drew

Gentlemen. Lewmar plc ("the Company") was incorporated on 26th August, 1969 as Marine Systems Limited and changed its name to Lewmar plc on its re-registration as a public company on 10th June, 1985.

On 1st fulv. 1985, the Company, through a subsidiary, acquired for cash the entire common stock of Lewmar Marine Systems, Inc. I"LNSI") and its subsidiaries, from the Trustees of a settlement established by I. O. Burton in April, 1966 I "the I.D. Burton Settlement"), who at that date held beneficial ownership of all the common stock of the Company. On 3rd June, 1983, LMSI acquired for cash Navtec Inc. ("Navtec"), from unconnected parties.

On 3rd July, 1985. Waterford Engineering Limited ("Waterford"), another subsidiary of the Company, purchased for cash the trade and trading assets and liabilities of Burton Enterprises (C.I.I I mited (which changed its name from Waterford Engineering Limited on 20th June, 1985), a company also owned by the Trustees of the J. O. Burton Settlement.

The financial information presented below is based on the audited accounts of the Company and its subsidiaries ("the Group") applying the accounting policies set out below, after making such adjustments as we consider necessary. The principal adjustments are those necessary to reflect income and expenditure and related assets and liabilities of Group companies which have been under common management throughout the five years ended 28th February, 1985 so as to arrive at the financial information that would have been reported had those companies formed part of the Group throughout that period.

We have examined the balance sheet of the Company and the consolidated balance sheet of the Group at 28th February, 1985 and the consolidated statements of profit and loss and consolidated statements of source and application of funds for the five years ended on that date, prepared on the basis described above in accordance with approved Auditing Standards.

In our opinion, the financial information shown below, which has been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, gives a true and fair view of the state of affairs of the Company and Group as at 28th February, 1985 and of the profes and source and application of funds of the Group for each of the five years ended 28th February 1981, 1982, 1983, 1984 and 1985 on a consistent basis.

#### ACCOUNTING POLICIES

The principal accounting policies which have been adopted in presenting the financial information set out in this report are as follows:

(a) Basis of Accounting

The financial information set out below has been prepared under the historical cost convention as modified by the revaluation of certain long leasehold buildings and investments in subsidiary companies.

The financial information includes the accounts of the Company and all of its subsidiaries, prepared on the follow Profe and loss Income and expenditure of all Group companies are included in the profit and loss account from the date of their acquisition by the J. O. Burron Settlement.

All inter-company transactions have been eliminated.

All inter-company balances have been eliminated.

Balance sheet Balance sheet
The Group balance sheet at 28th February, 1985 has been consolidated using the principle of acquisition accounting, in view of the consideration passing between the panies to acquire those companies which now form the Group. Goodwill arising on acquirion frepresenting the excess of purchase consideration over net assets acquired has been written off to distributable reserves at the date when the results of subsidiaries acquired fall to be included in the profit and loss account. Any excess of the law value of net assets acquired over purchase consideration is credited to a non-distributable capital reserve. (c) Tangible Fixed Assets
Long lezsehold buildings are shown at original historical cost or subsequent valuation. Other fixed assets are shown at

recuation is provided at rates calculated to write off the cost or valuation less e ght. line basis over their esumated useful fives as follows: Long leasehold buildings Machinery and equipment

Motor vehicles Furniture and fittings

(d) Intemplate Fixed Assets Intangible fixed assets Comprise patents. The capital cost of patents is amortized over their unexpired fire.

(et Investment in Subaldiary Companies
In the Company's balance sheet, investments in subsidiaries are stated at cost, plus such portion of the increase in underlying net assets of its subsidiaries since acquisition as will reflect in the accounts of the Company the full net asset value of those subsidiaries. Such revaluations are credited to a non-distributable revaluations are credited to the Company's profit and loss account.

The Directors consider this policy, as opposed to stating investments at cost, more fairly represents the Company's

(f) Current Asset Investments
Current asset investments are stated at cost.

locks are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is based on:

 purchase cost on a first-in, first-out basis Raw materials cost of raw materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity Work-in-progress and firshed goods

Net realisable value is based on estimated normal selling price less further costs expected to be incurred on comple and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate. (h) Taxation

Tax on corporate profits is provided at the rate in force in the relevant jurisdiction during each accounting period. Deferred taxation is not provided where, in the opinion of the Okectors, there is reasonable evidence that such taxation will not become payable in the foreseeable future (at least three years) and there is no indication that the situation is likely to change thereafter.

Deferred taxation represents the amount required to allow for the effect of certain items of income and expense being attributable for tax purposes to periods different from those in which credits or charges are recorded in the accounts.

iabilities are funded on the advice of external actuaries. by payments to independent trusts or to insurance es. Payments made to the funds and charged in the accounts comprise current and past service contributions.

Normal trading transactions denominated in foreign currencies are recorded in sterling at the exchange rates on the dates of the transactions. Monetary assets and flabilities are reported at the rates of exchange prevailing in the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reflected in the profit and loss account.

In the Group accounts, and for the purposes of the valuation of investments in the accounts of the Company, the closing rate/net investment method is used under which translation gains or losses are shown as a movement on reserves. Profit and loss accounts are translated at the average exchange rates.

(k) Turnover Group turnover comprises the value of sales (excluding VAT, trade discounts and intra-group transactions) of goods and services in the normal course of business.

(I) Research and Development All research and development costs are written off as incurred.

(m) Revaluation Reserve w mevanumon reserve the surplus arising on the revaluation of long leasehold properties and the Company's share of the post acquisition ained profit and reserves of its substitutes are credited to a revaluation reserve, which is not distributable. Where preciation charges are increased following a revaluation, an amount equal to such increase is transferred annually or this reserve to the profit and loss account. On the disposal of a revalued asset, any remaining revaluation surplus responding to the item is also transferred to the profit and loss account.

#### CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

|  | Year Ended 28th February. |                         |                        |                        |                        |                        |
|--|---------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|
|  | Notes                     | 1881<br>2000:3          | 1982<br>£'000          | 1983<br>£'000          | 1984<br>£'000          | 1985<br>£000           |
| Turnover<br>Cost of sales  | 1, 2                      | 5,832<br>14,270)        | 6,687<br>(4.859)       | 7,887<br>IS,587)       | 11,834<br>(8,118)      | 14,810<br>(9,625)      |
| Gross profit Other operating expenses Other income/(expenses), net                               | 3<br>4                    | 1,562<br>(1,175)<br>(2) | 1,828<br>(897)<br>(24) | 2,300<br> 1,171)<br>29 | 3,716<br>(1,937)<br>42 | 5,185<br>(2,380)<br>17 |
| Profit on ordinary activities<br>before taxation<br>Taxation on profit on<br>ordinary activities | 5                         | 385                     | 907                    | 1, 158<br>(393)        | 1,821<br>(652)         | 2,822                  |
| Profit for the year<br>Proposed dividend   | 6                         | 308                     | 542                    | 769                    | 1,169                  | 1,666                  |
| Retained profit for the year   |                           | 308                     | 542                    | 765                    | 1,169                  | 666                    |
| Exminus nos chave  | 7                         | 1 50                    | 260                    | 3.70                   | E An                   | 9.00                   |

#### BALANCE SHEETS AT 28TH FEBRUARY, 1985

|  | Notes  | Group           | Company<br>£'000 |
|--|--------|-----------------|------------------|
| Fixed assets:                                    | _      |                 |                  |
| Intangible assets                                | 8      | 77              | -                |
| Tangible assets                                  | 8<br>9 | 2,297           | _                |
| Investment in subsidiaries                       | 10     |                 | 5,318            |
|  | -      | 2,374           | 5,318            |
| Constant addalar                                 | -      |                 |                  |
| Current assets:<br>Stocks                        |        |                 |                  |
| Debtors  | 11     | S,502 ·         |                  |
| Investments                                      | 12     | 3,972 .         | 1,734            |
| Cash at bank and in hand                         | 13     | 510<br>984      | 510              |
| Cast at any make at the Pa                       | _      |                 |                  |
|  |        | t <b>0,9</b> 68 | 2,253            |
| Creditors: - Amounts falling due within one year | 14 _   | (4,962)         | (1,02 <i>7</i> ) |
| Net current assets                               | _      | 6,006           | 1,226            |
| Total assets less current liabilities            | _      | 8,380           | 6,544            |
| Creditors: - Amounts falling due after more      |        |                 |                  |
| than one year                                    | 14     | 11,769)         | _                |
| Provisions for liabilities and charges           | 16     | 167)            |                  |
| Net assets                                       |        |                 |                  |
| Met abots  | -      | 6,544           | 6.544            |
| Capital and reserves:                            |        |                 |                  |
| Called-up share capital                          | 17     | 4,400           | 4,400            |
| Capital reserve                                  |        | 150             | -,               |
| Revaluation reserve                              | 18     | 373             | 1,398            |
| Profit and loss account                          | 79     | 1.621           | 746              |
| Total capital employed                           | _      | 6,544           |                  |
|  |        | 0,544           | 6.544            |
|  |        |                 |                  |

#### CONSOLIDATED STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

| ATTECATION OF TE   | 11103     |                 |                            |                           |                                      |                                |
|--|-----------|-----------------|----------------------------|---------------------------|--------------------------------------|--------------------------------|
|  |           |                 | Year En                    | ided 28th Feb             | stuary.                              |                                |
|  |           | t 981           | 1982                       | 1983                      | 1984*                                | 1985                           |
|  |           | £.000           | £'000                      | £1000                     | E'000                                | € 000                          |
| Source of funds: Profit before taxation Add/(deduct) - items not movement of funds during the year:                                      | involving | 385             | 907                        | 1,158                     | 1,821                                | 2,822                          |
| Depreciation of tangible fixed assets<br>Exchange adjustments and others   |           | 184<br>(31t     | 15t<br>6                   | 293<br>(15)               | 392<br>(84)                          | 459<br>240                     |
| Total funds from operations Sale of tangible fixed assets Loans received   |           | 538<br>90       | 1,064<br>3                 | 1,436<br>59               | 2,129<br>67<br>- 289                 | 3,521<br>31                    |
|  |           | 628             | 1,067                      | 1,495                     | 2,485                                | 33a<br>3.886                   |
| Application of funds:<br>Purchase of tangible fixed assets<br>Purchase of intangible fixed assets<br>Taxation paid<br>Repayment of loans |           | 167<br>         | 105<br>190<br>7            | 459<br>24<br>5            | 774<br>71<br>440                     | 886<br>488                     |
| Increase/(decrease) in working capital:<br>Stocks<br>Debiass<br>Investments<br>Creditors falling due within one year                     |           | (817)<br>95<br> | 312<br>290<br>500<br>(349) | 1114)<br>160<br>65<br>599 | 1,022<br>817<br>10<br>(635)<br>2,499 | 2,081<br>805<br>(515)<br>3,745 |
| Movement in net liquid funds   |           | 827             | 12                         | 896                       | (14)                                 | 141                            |
| Represented by:<br>Increase/tdecrease) in cash at bank<br>and in hand  |           |                 |                            |                           |                                      |                                |
| . (Increase)/idecrease in short term bank  |           | (61             | 6                          | 908                       | 327                                  | 746                            |
| loans and overdrats  |           | 833             | 6                          | (112)                     | [341)                                | (605)                          |
|  |           | ***             |                            |                           |                                      |                                |

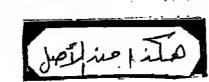
"The effect of the acquisition for cash of Navtec on the statement of source and application of funds for the year ended 28th February, 1984 is as follows:

Assets (liabilities) acquired —

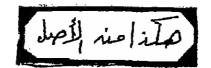


827 12 896 (14)

€.000



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| NOTES  |   | the state of the s  |
|--|---|---|
| ACIES  | 14. Creditors   | (d) At an I are all the class of the Communication 22 and 2 are 1000 are plutted to an are and are  |
| 1. Naviec  | At 28th February, 1985 creditors comprised:  Group Company  | (d) At an Extraordinary General Meeting of the Company held on 22nd May, 1965, resolutions were passed to:<br>(i) change the name of the Company to "Lewmar pic" and re-register the Company as a public company; and   |
| The results of Naviec are set out below. These results have not been included in the consolidated statement of profit and loss prior to the acquisition of Naviec by Lewmar Marine Systems, Inc. on 3rd June, 1983.  | Amounts lating due within one year;   | (ii) amend the Memorandum and adopt new Articles of Association. (e) On 22nd Mary, 1985, pursuant to an agreement made in December, 1984 with C. A. Bystram, a non-executive  |
| Year Ended 28th February,<br>1981 1982 1983 1984 1985  | Trade creditors 1,258 Bank overdrafts unsecured 211   | Orector of the Company, the Company:  |
| £000         £000         £000         £000         £000         £000           Tumover         951         1,476         1,590         2,254         3,207  | Bank overdrafts - secured 370   | <ul> <li>granted to him an option to subscribe for 100,374 Ordinary shares of 25p each at a price of 40-35p per shares adjusted evertisable on or better 31st December, 1989; and</li> </ul>  |
| Profit before taxation 80 60 103 84 249  | Other creditors: UK Corporation tay payable 1,095 20  | <ul> <li>allotted to him 232,727 Ordinary shares or 25p each at the same price (as adjusted).</li> <li>On 30th May, 1985, Lewman Netherlands B.V., a wholly-owned subsidiary of Lewman Marine Limited, water</li> </ul>   |
| Net profit 49 54 77 64 197   | Social security and PAYE 70   | incorporated in the Netherlands, which company acquired on 1st July, 1985 all the common stock at Learnar Mann<br>Systems, Inc. (the holding company of Navier) from the Trustees of the J. D. Burton Settlement for a cash consideration   |
| 2. Tursover  | Accruals 693 Proposed dividend 1,000 1,000  | US\$830,496.<br>Ig! On 3rd July, 1985, Lewmar Netherlands B.V. acquired the whole of the issued share capital of Wateriot   |
| Turnover is split by geographical market as follows:  Year ended 28th February,  | 4.962 1,027   | Engineering Limited Bormer's Legerwood Limited's a company which had not previously statled, for a cash consideration of IRL2 and subscribed for 9,998 shares for IRE1 each part in cash.   |
| 1981 1982 1983 1984 1985<br>£000 £000 £000 £000 £000   | Accounts falling due after more than one year: Long term portion of loans (Note 15) 694   | (h) On 3rd July, 1985, Waterford Engineering Limited acquired from Burton Enterprises (C.1.) Limited Hormerly call: Waterford Engineering Limited), also owned by the Trustees of the J. D. Burton Settlement, all its trade and trading asset  |
| Sales to:  | UK Corporation Tax Payable 1.075  | and liabilities for a cash consideration of IRE90,957.  (i) At the Annual General Meeting of the Company held on 12th July, 1985, resolutions were passed to:   |
| United Kingdom 576 687 809 1,061 1,344<br>Continental Europe 2,950 3,118 3,941 4,729 6,005<br>North America 1,848 2,300 2,508 5,073 6,327  | 1,769   | <ul> <li>60 sub-divide each Ordinary share of £1 each into four Ordinary shares of 25p each;</li> <li>10) increase the authorised capital of the Company to £7,250,000 on ided into 29,000,000 Ordinary shares of</li> </ul>  |
| Other 458 588 629 971 1,134  |   | 25p each;   |
| 5,832 6,687 7,887 11,834 14,810  | 15. Loans   | (iii) authorise the Directors, pursuant to Section 80 of the Companies Act 1987 (such authority to organe on 11 july, 1986) to allot relevant securities has defined in that Section) limited to the amount of the unissue authorised share capital of the Company and to empower them pursuant to Section 95 of that Act, to allot it.   |
| 3. Other Operating Expenses  | The Group's loans at 28th February, 1985 comprised:  Group  | cash equity securities las defined in Section 94 of that Act) to the value of £1,142,500 as if Section 69(1) of that Act did not apply to the allotment;  |
| Year ended 28th February,<br>1981 1982 1983 1984 1985  | 10% Mortgage foan 1990 70   | Invi capitalise the sum of £728,182, being part of the sum to the credit of the Company's reserves and authorize<br>and instructing the Directors to apply the same in paving up in full at par 2,912,722 unissued Ordinary share   |
| £'000         £'000         £'000         £'000         £'000           Distribution expenses         763         503         737         1,006         1,143  | 10% Montpage foam 1990 70<br>US\$ bank loan 1984/87 418<br>US\$ bank loan 1985/90 319   | of 25p each in the capital of the Company and to allot and de-Inhalte-ach shake-, credited as fully paid, to an<br>amongst the persons registered as holders of Ordinary shares in the Company:   |
| Administration expenses 412 394 434 931 1,237  | US\$ 10% loan note 1985/88 97   | (v) declare a linal dividend in respect of the year ended 28th February, 1985, againg £1,000 000; and (vi) approve the transactions reterred to in paragraph 1ri1 and thi above and paragraph 5rdi below.   |
| 1,175 897 1.771 1,937 2,380  | 904   | tj) On Lith July, 1985, pursuant to the Lewmar plc Employee Share Option Scheme (which was unrended on 26th June 1985), options were granted to M. Jav. T. R. Elassen and D. J. Heaton to subscribe for 336–373, 45,454 and 27,27.  |
| The following items are included in other operating expenses above:  Directors' emoluments 102 93 153 341 255  | The loans are repayable as follows:  between one and two years  between two and five years  430   | Ordinary shares of 25p each and to 30 other senior employees to subscribe for an aggregate or 299,977 Circlinary share of 25p each, all at the other for sale price.  |
| Staff pension fund expenses 34 46 47 36 49 Auditors' remuneration 14 17 28 38 52   | over five years 70  | (A) On 12th tyly, 1985, Lewmar Manne Limited declared and paid a dividend in respect of the year ended 28t<br>February, 1985 aggregating £1,720,000 to the Company.   |
| Depreciation of trangible fixed assets 184 151 293 392 459 Amortization of intangible fixed assets   | Amounts falling due alter more than one year (Note 14) 694 Amounts falling due within one year (Note 14) 210  | (II On 12th July, 1985, the Directors allotted the bonus shares referred to in paragraph 10nn ) above   |
|  | 903   | (m) At the date of this prospectus, but prior to the offer for sale, the authorised share capital of the Company<br>57:250,000, duided into 29,000,000 Ordinary shares of 25p each, of which 20,712,735 have from userd as fully participated.  |
| 4. Other income and Expenses (net)  The following items of income (expense) are included in other income and expenses (net):   | The 10 per cent, mortgage loan is secured on certain of the Group's long leasehold buildings. The US dollar bank loans are secured on the assets of Naviec. The US dollar loan note is unsecured.   | or credited as fully paid. In addition, a further 3, 120,000 Ordinary shares of 25p each will be allotted to Phillips 5. Grew in subscription pursuant to the other for sale agreement referred to un paragraph 4 below.  |
| Year ended 28th February,<br>1981 1982 1983 1984 1985  |   | (n) Following the offer for sale, 5.167,365 Ordinary shares of 25p each in the Company will remain unissued representing 17:8 per cent, of the authorised share capital. Save in relation to the Lemma pic Employee share Cipital Scheme and the options referred to in paragraph 1(c), (e), (i) and (o), the Directors have no present intention of issuin.  |
| ### ### ### ### ### ### ### ### ### ##   |   | any such shares and, except with the prior approval of the Company in general meeting:  (i) no issue will be made which will effectively after the control of the Company or the nature of its husiness.  |
| Interest experies and charges  | <ol> <li>Provisions for Liabilities and Charges</li> <li>(a) At 28th February, 1985 the provisions for liabilities and charges consisted of deferred taxation as follows:</li> </ol>  | and  ii) no material issue of shares fother than to holders of Ordmany shares pro rata to their existing holdings (will be  |
| (2) (24) 29 42 17  | Group<br>£'000  | made within one year from the date of this prospectus,  (of Save as disclosed in parographs fire), (e) and (ii) above and for adjustments made to the network reserved to there   |
|  | Deferred taxation arising on a statutory investment fund required   | for the bonus issue reterred to in paragraph 101 above isobject to approval by the Roard of Inland Resences and subject to paragraph 12 below, no capital of the Company or any of its subsidiatives is under uption or agreed, conditionally of  |
| S. Taxation on Profit on Ordinary Activities The taxation charge (credit) comprises:   | to be held by an overseas subsidiary 112  Excess of tax allowances over depreciation of fixed assets 49  Short term timing differences (94)   | unconditionally, to be put under option.  [pl Save as disclosed in this paragraph, within the two years immediately preceding publication of this prospectus, in  |
| Year ended 25th February,<br>1981 1982 1983 1984 1985  | 57 (94)   | commissions, discounts, brokerages or other special forms have been granted by the Company or any of its subsidiant in connection with the issue or sale of any part of their respective share or loan capitals.  |
| <u> </u>   |   | (q) Save as disclosed in this paragraph, no capital of the Company or any of its subsidiaries has been issued within the two years immediately preceding publication of this prospectus or is agreed or proposed to be issued for cash of the cash of the proposed to be issued for cash of the cas     |
| Current - United Kingdom Corporation Tax 93 365 393 611 1,092 Current - Overseas tax 2 - 19 117  |   | atherwise,  |
| Deferred (18) — — 22 (53)  77 365 393 652 1,156  | (b) If full provision had been made, the total provision for deferred taxation would have been:  Group  Company   | 2. Subsidiaries   |
| The Group troution charge is calculated based on the transition rates in force in each year. The deferred tax element is   | Excess of capital allowances over depreciation of   | Details of the subsidiaries of the Company are set out below. All subsidiaries are wholly-owned private companies,  |
| based on the rates applicable when the timing differences are expected to reverse.   | fixed assets 386 — Unrealised arplus on revaluation of properties 72 —  | Principal Issued share Date of Place of<br>activity Capital incorporation in organization   |
| and the second s | Unrealised profit on sale of current asset 70 70 70   | Lewmar Marine Limited Manufacturing £75,000 27th Fybruary, 1959 England Muletree Limited Property and leasing £100 27th lune, 1980 England  |
| <ol> <li>Dividends</li> <li>No dividends were declared or paid by the Company during the period under review, except for a final dividend of</li> </ol>  | Deferred taxation arising on a statutory, investment tund required to be held by an overseas subsidiary 112 —   | Saikkrif Sportscraft Limited Manufacturing £200 3rd April, 1963 England<br>Lewmar Netherlands B.V. Holding Df:35,000 30th May, 1985 Netherlands   |
| £1,000,000 proposed in respect of the year ended 28th February 1985.   | Short term timing differences (94) —  | Waterford Engineering Limited Manufacturing IRE10,000 11th April, 1965 Ireland  |
|  | s gregoren is salis   | Lewmar Marine Systems, Inc. Holding U5\$460,000 2nd July, 1983 Massachusetts, U5A Naviec Inc. Manufacturing U5\$315 9th April, 1970 Massachusetts, U5A Lewmat Manue Inc. Distribution U5\$1 23rd february, 1967 New York, U5A   |
| <ol> <li>Enrylings per share.</li> <li>Earnings per share have been calculated by dividing the profit on ordinary activities after taxation by 20,712,735 being</li> </ol>   | 17. Called-up Share Capital   | Lewmar Manne Inc. Distribution US\$1 23rd February, 1967 New York, USA<br>Lewmar Mann AB Distribution Skr 50,000 4th September, 1972 Sweden<br>Lewmar Manne Sud-Europe  |
| the number of Ordinary shares in Issue immediately prior to the offer for sale.  | At 28th February, 1985 the share capital of the Company, was as follows: issued and   | SARL Distribution FFt 50,000 27th September, 1978 France  |
| 8. Intangible Pixed Assets   | Ordinary shales of £1 each         5,000,000         4,400,002  |   |
| At 28th February, 1985 the intangible fixed assets of the Group comprised:  Accumulated Net Book   |   | The following are details of the principal properties occupied by the Group, all of which are leased:  The following are details of the principal properties occupied by the Group, all of which are leased:  |
| Cost Amortization Value 1 £7000 £7000 £7000  | (a) the issue of 50,000 Ordinary shares to Mr. C. A. Bystram, a non executive Director of the Company, on 22nd May, 1985, pursuant to an agreement made in December, 1984, and  | Approximate area Current rental   |
| Palcons 28 28-2-01-1-1-1-1776  | 1985, pursuant to an agreement made in December, 1984, and (b) the approval on 12th July, 1985 of:  | and description Term and reviews  South Factory 45,500 sq ft 99 years from £2,400 p.a.  |
| 217.7  | (i) the sub-division of each Ordinary share of £1 into four Ordinary shares of 25p  | Southmoor Lane, lactory 1st june, 1970 subject to Havant, renew every 21  |
| 9. Taugible Heed Atsets  | (ii) the increase in the authorized share capital to £7,250,000 (29,000,000 Ordinary shares of 25p each) (iii) the capitalisation of £728,182 of reserves, and  | Hampshire years. North Factory 17,200 sq it 99 years from £700 p.a.   |
| At 28th February, 1985 the tangible fixed assets of the Group comprised:  Cost or Accumulated. Net Book Valuation Depreciation Value   | (iv) the issue of 3,120,000 of new Ordinary shares of 25p each The Company has also granted options in respect of the following shares:   | Southmoor Lane, factory and 15th November, subject to Havant offices 1967 review every  |
| Valuation Depreciation Value £7000 £7000 £7000   | Period of Price per   | Hampshire 21 years Building 125 6,250 sq ft 25 years from IRC5,625 p.a. subject to  |
| At cost:<br>Long less hold buildings 290 113 177<br>Marchinery and continuent 2,927 1,592 1,335  | Type Date of grant Number of shares option share Ordinary (25p) 21st December, 1984 200,749 Between   | Industrial Estate factory 1st December, review after 10 years and Waterlord 1976 thereafter at 5 yearly   |
| Machineryand equipment 2,927 1,592 1,335 Furniture and Bitings 225 139 86 Motor vehicles 146 63- 83  | 21st December, 1987<br>and 20th December, 1994 40,33p   | intervals, less a rental<br>subsidy of IRE1,968 p.a.<br>until 30th November,  |
| 3,588 1,907 1,681  | Ordinary (25p) 22nd May, 1985 100,374* On or before 31st December, 1989 40.33p  | 1986  |
| At valuation (1983):   | Ordinary (25p) 12th July, 1985 709,066 Between 12th July, 1986  | 527 Great Road 80,000 sq ft site 5 years from US\$117,000 p.a.  |
| Long lessehold buildings 700 84 616  | and 11th July, 1995 110p  | Lattleton ancluding 18,000 Z5th July, 1987  |
| Long leasehold buildings 700 84 616 4,288 1,991 2,297  | "As adjusted for the subsequent sub-division and bonus issue.   | Massachusetts sq it factory and and therealter<br>01460, USA offices, with subject to   |
| Long tessehold buildings 700 84 616  4,288 1,991 2,297  If long tessehold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated  | "As adjusted for the subsequent sub-division and bonus issue.   | Massachusetts sq it factory and and thereafter  |
| Long leasehold buildings 700 84 616 4,288 1,991 2,297  | "As adjusted for the subsequent sub-division and bonus issue.  18. Revaluation Reserve The revaluation reserve at 28th February, 1985 comprised:  | Massachusetts sq it factory and and therealter subject to renegotiation for an additional period of five years  |
| Long tessehold buildings 700 84 616  4,288 1,991 2,297  If long tessehold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated depreciation of £133,000.  | "As adjusted for the subsequent sub-division and bonus issue.  18. Revaluation Reserve The revaluation reserve at 28th February, 1985 comprised:    Croup   | Massachusetts og it factory and offices, with parking & storage subject to renegotiation for an additional period of five years  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire; Bristol, Rhode Island, U.S. Newport Beach, Calsiomia, U.S.A. Oakville, Ontario, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocca   |
| Long tensehold buildings 700 84 616 4,288 1,991 2,297  If long tensehold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated depreciation of £133,000.  10. Investments in Subsidiaries  The Group consists of the Company and the wholly-owned subsidiaries described below:  Principal Issued share Place of   | "As adjusted for the subsequent sub-division and bonus issue.  18. Revaluation Reserve The revaluation reserve at 28th February, 1985 comprised:  Group  Company  | Massachusetts so it factory and and therealter offices, with subject to renegolation for an additional period of five years  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire; Bristol, Rhode Island, USA  |
| Long tenschold buildings   700   84   616   4,288   1,991   2,297-  If long tenschold buildings had not been revalued, they would have been included at cost of £3.76,000 less accumulated depreciation of £133,000.  18. Investments in Substitiaries*  The Group consists of the Company and the wholly-owned subsidiaries described below:    Principal   | *As adjusted for the subsequent sub-division and bonus issue.  18. Revaluation Reserve The revaluation reserve at 28th February, 1985 comprised:  Croup £000 £000 Fixed asset revaluation surplus  373  | Massachusetts og it factory and offices, with parking & storage subject to renegotiation for an additional period of five years  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire; Bristol, Rhode Island, U.S. Newport Beach, Calsiomia, U.S.A. Oakville, Ontario, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocca   |
| Long tesschold buildings   700   84   616   4,288   1,991   2,297   If long tesschold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated depreciation of £133,000.  10. terrestrated in Substitiaries   Francipal   Essued share   Place of Espand   Espand   England   Eng | *As adjusted for the subsequent sub-division and bonus issue.  18. Revaluation Reserve The revaluation reserve at 28th February, 1985 comprised:  Croup £000 £000 £000 Fixed asset revaluation surplus Surplus on revaluation of net assets of subsidiaries  373 1,398 19. Profit and Loss account  | Massachusetts of it factory and offices, with parking & storage subject to renegotiation for an additional period of five years  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire; Bristol, Rhode Island, USS Newport Beach, Calafornia, USA; Oalvrille, Ontarro, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocci, France.  4. Offer for Sale Agreement  Pursuam to an agreement under seal dated 12th July, 1985 between the Company, the Directors, the Trustees of the J. Burton Settlement C. A. Burton and Phillips & Dream Basic property unhances to purpose on being strain.   |
| Long less chold buildings   700   84   616    4,288   1,991   2,297    If long less chold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated depreciation of £133,000.  10. Investments in Subdidiaries   100   100   100    Lewmar Marine Umited   100   100   100    Manufacturing   100   100   100    Sailstoff Sportscraft Umited   100   100   100    Lewmar Netherlands 8 V. Holding   100   100   100    Lewmar Netherlands 8 V. Holding   100   100    Lewmar Marine Systems, Inc. Holding   100   100    Lewmar Marine Systems   100   100  | "As adjusted for the subsequent sub-division and books issue.  18. Revaluation Reserve The revaluation reserve at 28th February, 1985 comprised:    Group £1000   | Massachusetts og it factory and offices, with parking & storage subject to renegotiation for an additional period of five years  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire; Bristol, Rhode Island, U.S. Newport Beach, Cabiomia, U.S., Oakville, Ontario, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocci France.  4. Offer for Sale Agreement  Pursuant to an agreement under seal dated 12th July, 1985 between the Company, the Directors, the Trustees of the J.B Button Settlement, C.A. Bystram and Phillips & Drew, Phillips & Drew have agreed, subject to permission being grante by the Council of The Stock Exchange on or before 5th August, 1985 for all the Ordinary shares of 25 peach withe Company, be dealt in on the Unifished Securities Market, to subscribe for 3, 120,000 new Ordinary shares of 25 peach withe Company.   |
| ## 1.00 ## 1.991 ## 2.297  ## 10ng less shold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated depreciation of £133,000.  ## 10. **Investments in Subsidiaries**  The Group consists of the Company and the wholly-owned subsidiaries described below:  ## Principal  | "As adjusted for the subsequent sub-division and bonus issue.  18. Revaluation Reserve The revaluation reserve at 28th February, 1985 comprised:  Croup £000 £000 £000  Fixed asset revaluation surplus Surplus on revaluation of net assets of subsidiaries  1,398  19. Profit and Loss account The profit and loss account is regarded as distributable. All other reserves in the balance sheet are regarded as non-distributable.   | Massachusetts of it factory and offices, with parking & storage storage renegotiation for an additional period of five years  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire; Bristol, Rhode Island, US/Newport Beach, Calafornia, USA; Oalvrille, Ontario, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocci, France.  4. Offer for Sale Agreement  Pursuant to an agreement under seal dated 1.2th July, 1985 between the Company, the Directors, the Trustees of the J.E. Burton Settlement, C.A. Bystam and Phillips & Drew, Phillips & Drew have agreed, subject to permission being granted by the Council of The Stock Exchange on or before 5th August, 1985 for all the Ordinary shares in the Company to be dealt in on the Unitised Securities Market, to subscribe for 3, 120,000 new Ordinary shares of 25p each in the Trustees of the 1.D. Burton Settlement at 110p per share and to purchase 2,880,000 Ordinary shares of 25p each from the Trustees of the 1.D. Burton Settlement at 110p per share.   |
| ## 100 ## 1,991 ## 2,297  ## 100g leavehold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated depreciation of £133,000.  ## 100 ## 1,991 ## 2,297  ## 100g leavehold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated depreciation of £133,000.  ## 100 ##  | *As adjusted for the subsequent sub-division and bonus issue.  18. Revaluation Reserve The revaluation reserve at 28th February, 1985 comprised:  Croup £'000 £'000  Fixed asset revaluation surplus  Surplus on revaluation of net assets of subsidiaries  373  1,398  19. Profit and Loss account The profit and Loss account is regarded as distributable. All other reserves in the balance sheet are regarded as non-distributable.  29. Guarantees and other Financial Commitments  (a) Capital Commitments   | Massachusetts of it factory and offices, with parking & storage subject to renegotiation for an additional period of five years  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire; Bristol, Rhode Island, USS Newport Beach, Calaiomia, USA; Oalwille, Ontario, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocci France.  4. Offer for Sale Agreement  Pursuant to an agreement under seal dated 12th July, 1985 between the Company, the Directors, the Trustecs of the J. Burton Settlement, C.A. Bystram and Phillips & Drew, Phillips & Drew have agreed, subject to permission being grante by the Council of The Stock Exchange on or before 5th August, 1985 for all the Ordinary shares in the Company to be dealt in on the Unitsted Securities Market, to subscribe for 3, 120,000 new Ordinary shares or 25p each in the Company to be dealt in on the Unitsted Securities Market, to subscribe for 3, 120,000 new Ordinary shares or 25p each in the Company to be dealt in the Trustees of the 1 D. Burton Settlement of a 110p per share.  The agreement provides, inter alia, for the payment by the Company and the Trustees of the 1 D. Burton Settlement of a costs and expenses incidental to the grant of permission to deal in the Ordinary shares in the Company in the Unitstee.   |
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| ## 1.00g lessehold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated depreciation of £133,000.  ### 10. **Investments in Subdiffaries**  The Group consists of the Company and the wholly-owned subsidiaries described below:    Principal   | "As adjusted for the subsequent sub-division and bonus issue.  18. Revaluation Reserve The revaluation reserve at 28th February, 1985 comprised:  Croup £000 £000 £000 Fixed asset revaluation surplus Surplus on revaluation of net assets of subsidiaries  1,398 373 1,398 19. Profit and Loss account The profit and loss account is regarded as distributable. All other reserves in the balance sheet are regarded as non-distributable.  29. Guarantees and other Financial Commitments (a) Capital Commitments At 28th February, 1985, Capital commitments were:  Croup Company  | Massachusetts of it factory and offices, with parking & storage storage storage storage period of five years  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire; Bristol, Rhode Island, US/Newport Beach, Calsiomia, USA; Calwrille, Ontario, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Boccifrance.  4. Offer for Sale Agreement  Pursuant to an agreement under seal dated 12th July, 1985 between the Company, the Directors, the Trustors of the LL Button Settlement, C.A. Bystram and Phillips & Drew, Philips & Drew have agreed, subject to permission being grantic by the Council of The Stock Exchange on or before 5th August, 1985 for all the Ordenary shares of 25p each in the Company, 110p per share and to purchase 2,880,000 Ordinary shares of 25p each from the Trustoes of the 1.D. Button Settlement at 110p per share.  The agreement provides, inter alia, for the payment by the Company and the Trustoes of the 1.D. Button Settlement of a costs and expense incidental to the grant of permission to deal in the Ordinary share in the Company in the Unities Market and of the other for sale, including capital dury, accounting and legal fees, printing and advertising cost and a lee to Philips & Drew, The total expenses of the other for sale payable by the Company and the solling shareholder including the fee to Philips & Drew, are estimated to amount to £470 000 (exclusive of VAT). In addition, a coverant has been given by the Trustees of the 1.D. Button Settlement and C. A. Bystram, the present  |
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| ## A comparison of £133,000.  ## A c | **As adjusted for the subsequent sub-division and bonus issue.  18. Revaluation Reserve The revaluation reserve at 28th February, 1985 comprised:    Croup £1000 £  | Massachusetts of it factory and offices, with subject to renegotiation for an additional period of five years  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire; Bristol, Rhode Island, USA Newport Beach, Caldiomia, USA; Caloville, Ontario, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocci France.  4. Offer for Sale Agreement  Pursuant to an agreement under seal dated 12th July, 1985 between the Company, the Directors, the Trustees of the J. It Burton Sertiement, C.A. Bystram and Phillips & Drew, Phillips & Drew have agreed, subject to permission being grante by the Council of The Stock Exchange on or before 5th August, 1985 for all the Ordinary shares of 25p each from the Trustees of the 1.D. Burton Settlement at 110p per share and to purchase 2,880,000 Ordinary shares of 25p each from the Trustees of the 1.D. Burton Settlement at 110p per share.  The agreement provides, inter alia, for the payment by the Company and the Trustees of the 1.D. Burton Settlement of a costs and expenses incidental to the grant of permission to deal in the Ordinary shares in the Company in the United Securities Market and of the other for sale, including capital duty, accounting and legal fees, printing and advertising cost and expenses incidental to the grant of permission to deal in the Ordinary shares in the Company on the United Securities Market and of the other for sale, including capital duty, accounting and legal fees, printing and advertising cost and a lee to Philips & Drew, are estimated to amount to £470 000 (exclusive of VAT).  In addition, a covernant has been given by the Trustees of the 1.D. Burton Settlement and C. A. Bystram, the presens shareholders of the Company, not to sell any further Ordinary shares in the Company prior to the announcement of the Interest of the Company, not to sell any further Ordinary shares in the Company prior to the announcement of the Interest of the Company followers.  5. Directors' and Other Interests                                   |
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| Long less chold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated depresiation of £133,000.  19. tovestments in Subdidiaries  The Group consists of the Company and the wholly-owned subsidiaries described below:  Principal   Successful Superior   Place of   | **************************************  | Massachusetts Oifees, with parking & storage  in addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire: Bristol, Rhode Island, USA Newport Beach, Catiomia, USA; Oaloville, Ontano, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocci France.  4. Offer for Sale Agreement Pursuant to an agreement under seal dated 12th July, 1985 between the Company, the Directors, the Trustees of the J.B. Burton Sertiement, C.A. Bystram and Phillips & Drew, Philips & Drew have agreed, subject to permission being grante by the Council of The Stock. Exchange on or before 5th August, 1985 for all the Ordinary shares of 25p each in the Company to the dealt in on the Unifisted Securities Market, to subscribe for 3, 120,000 new Ordinary shares of 1D. Burton Settlement of a costs and expenses incidental to the grant of permission to deal in the Ordinary shares in the Company in the United Securities Market and of the other for sale, including capital dury, accounting and legal fices, printing and advertising cos and a fee to Phillips & Drew. The total expenses incident granted to amount to £410,000 (exclusive of VAT).  In addition, a covenant has been given by the Trustees of the J.D. Burton Settlement and of the other for sale, including capital dury, accounting and legal fices, printing and advertising cos and a fee to Phillips & Drew. The total expenses to the other tor sale payable by the Company and the solling shareholder including the fee to Phillips & Drew, are estimated to amount to £410,000 (exclusive of VAT).  In addition, a covenant has been given by the Trustees of the J.D. Burton Settlement and C.A. Bystram, the presens shareholders of the Company, not to sell any further Ordinary shares in the Company and the solling shareholder including the fee to Phillips & Drew.  5. Directors' and Other Interests  1a) The ancuests tas defined by the Companies Act 1985) of the Directors in the share capital of the Company followers.  5. Directors' and Other Interests  1a) The ancuests tas define  |
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| It long lessehold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated depreciation of £133,000.  18. Investments in Subsidiaries  The Group consists of the Company and the wholly-owned subsidiaries described below:    Principal  | **As adjusted for the subsequent sub-division and bonus issue.  18. Revaluation Reserve The revaluation reserve at 28th February, 1985 comprised:    Croup  | Massachusetts Oifees, with parking & storage  in addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire: Bristol, Rhode Island, USA Newport Beach, Catiomia, USA; Oaloville, Ontano, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocci France.  4. Offer for Sale Agreement Pursuant to an agreement under seal dated 12th July, 1985 between the Company, the Directors, the Trustees of the J.B. Burton Sertiement, C.A. Bystram and Phillips & Drew, Philips & Drew have agreed, subject to permission being grante by the Council of The Stock. Exchange on or before 5th August, 1985 for all the Ordinary shares of 25p each in the Company to the dealt in on the Unifisted Securities Market, to subscribe for 3, 120,000 new Ordinary shares of 1D. Burton Settlement of a costs and expenses incidental to the grant of permission to deal in the Ordinary shares in the Company in the United Securities Market and of the other for sale, including capital dury, accounting and legal fices, printing and advertising cos and a fee to Phillips & Drew. The total expenses incident granted to amount to £410,000 (exclusive of VAT).  In addition, a covenant has been given by the Trustees of the J.D. Burton Settlement and of the other for sale, including capital dury, accounting and legal fices, printing and advertising cos and a fee to Phillips & Drew. The total expenses to the other tor sale payable by the Company and the solling shareholder including the fee to Phillips & Drew, are estimated to amount to £410,000 (exclusive of VAT).  In addition, a covenant has been given by the Trustees of the J.D. Burton Settlement and C.A. Bystram, the presens shareholders of the Company, not to sell any further Ordinary shares in the Company and the solling shareholder including the fee to Phillips & Drew.  5. Directors' and Other Interests  1a) The ancuests tas defined by the Companies Act 1985) of the Directors in the share capital of the Company followers.  5. Directors' and Other Interests  1a) The ancuests tas define  |
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| Long lessehold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated depreciation of £133,000.  18. towestments in Substitutings had not been revalued, they would have been included at cost of £376,000 less accumulated depreciation of £133,000.  19. towestments in Substitutings activity  | ***The revaluation reserve at 28th February, 1985 comprised:  **The revaluation reserve at 28th February, 1985 comprised:  **Croup £000 £000  **Fixed asset revaluation surplus 373 1,398  **Surplus on revaluation of net assets of subsidiaries 373 1,398  **The profit and Loss account 1 1,398  **The profit and Loss account 1 1,398  **The profit and Loss account 2 1,398  **The profit and Loss account 3 1,398  **The profit and Loss account 3 1,398  **The profit and Loss account 4 1,398  **The profit and Loss account 5 regarded as distributable. All other reserves in the balance sheet are regarded as non-distributable.  **The profit and Loss account 5 regarded as distributable. All other reserves in the balance sheet are regarded as non-distributable.  **The Profit and Loss account 5 regarded as distributable. All other reserves in the balance sheet are regarded as non-distributable.  **The Profit and Loss account 5 regarded as distributable. All other reserves in the balance sheet are regarded as non-distributable.  **The Profit and Loss account 6 regarded as distributable. All other reserves in the balance sheet are regarded as non-distributable.  **The Directors have been advised that the estimate of East and Section 1 1 of  | Massachusetts og it factory and olifices, with parking & storage to english to renegolishtion for an additional period of five years.  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire: Bristol, Rhode Island, US/Newpord Beach, Calsiomia, USA; Oakville, Ontario, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocc. France.  4. Offer for Sale Agreement  Pursuam to an agreement under seal dated 12th Iuly, 1985 between the Company, the Directors, the Trustees of the J.P. Burton Settlement, C.A. Bystram and Phillips & Drew, Phillips & Drew have agreed, subject to permission being yante by the Council of The Stock Exchange on or before \$5 haugust, 1985 for all the Ordinary shares on 125p each in the Company, to dealth in on the Unifsed Securities Market, to subscribe for 3, 120,000 new Ordinary shares on 25p each in the Company, 110p per share.  The agreement provides, inter alia, for the payment by the Company and the Trustees of the 1.D. Burton Settlement of costs and expenses incidental to the grant of permission to deal in the Ordinary shares in the Company and the Trustees of the 1.D. Burton Settlement of costs and expenses incidental to the grant of permission to deal in the Ordinary shares in the Company and advertising costs and expenses incidental to the grant of permission to deal in the Ordinary shares in the Company and advertising costs and expenses incidental to the grant of permission to deal in the Ordinary shares in the Company and advertising costs and expenses incidental to the practice of the 1D. Burton Settlement of VATI. It is settling shareholder including the rise to Philips & Drew, are estimated to amount to ATO 000 Ordinary shares which used to the proper shareholders of the Groups in the share capital of the Company, following the other to sale, all of which are beneficial, and which exclude any shares which may be applied for by its Directors and Other Interests  5. Directors' and Other Interests  11 The entirects (as defined by the Companies |
| Long lessehold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated depreciation of £133,000.  18. towestments in Suffeldiaries: The Group consists of the Company and the wholly-owned subsidiaries described below:  Principal   Sucure state   Place of   Incorporation   In | **Revaluation Reserve The revaluation reserve at 28th February, 1985 comprised:    Croup  | Massachusetts og it factory and subject to renegolation subject to renegolation of the parking & storage subject to renegolation for an additional period of five years.  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire; Bristol, Rhode Island, USA Newport Beach, Calafornia, USA; Oalvrille, Ontario, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocc, France.  4. Offer for Sale Agreement  Pursuant to an agreement under seal dated 1.2th July, 1985 between the Company, the Directors, the Trustees of the L.B. Burton Sertlement, C.A. Bystram and Phillips & Drew, Phillips & Drew have agreed, subject to permission being grante by the Council of The Stock Exchange on or before \$th August, 1985 for all the Ordinary shares on 125p each in the Company, 110p per share.  110p per share.  The agreement provides, inter alia, for the payment by the Company and the Trustees of the L.D. Burton Settlement of costs and expenses incidental to the grant of permission to doal in the Ordinary shares in the Company in the Company in the Company in the Company and alexe to Phillips & Drew. The total expenses of the perpanditure, accounting and explaines, prompting and advertising cost and a fee to Phillips & Orew, are estimated to amount to £47 000 (peculous of VAT).  In addition, a covenant has been given by the Trustees of the L.D. Burton Settlement of the Company, not to set a submated and of 1000 (peculous of VAT).  In addition, a covenant has been given by the Trustees of the D.D. Burton of the Interem results of the Group for the so, months ending 31st August, 1986 without the pixor written consent of Philips Drew.  5. Directors' and Other Interests  1a) The interest sas defined by the Companies Act 1985 of the Directors in the share capital of the Company (cllower the pixor written consent of Philips Drectors and Other Interests  1b) House of the Group for the so, months ending 31st August, 1986 without the pixor written consent of Philips Drectors and Other Interests  1c) Director |
| Long leavehold buildings had not been revalued, they would have been included at cost of 6376,000 less accumulated depreciation of £133,000.  18. Investments in Substituting Amount of £1376,000 less accumulated depreciation of £1376,000 less accumulated depreciation of £1376,000.  18. Investments in Substituting Amount of £1376,000 less accumulated depreciation depreciation depreciation depreciation less accumulated depreciation depreciation depreciation depreciation depreciation less accumulated depreciation depreciation depreciation less accumulated depreciation depreciat | **Revaluation Reserve The revaluation reserve at 28th Pebruary, 1985 comprised:    Croup  | Massachusetts offices, with parking & storage bullet to renegoliation for an addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire: Bristol, Rhode Island, USA; Newport Beach, California, USA; Oaloville, Ontarro, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Boccifrance.  4. Offer for Sale Agreement Pursuant to an agreement under seal dated 12th July, 1985 between the Company, the Directors, the Trustees of the IL Button Settlement, C. A. Bystram and Phillips & Drew, Phillips & Drew have agreed, subject to permission being grant by the Council of the Stock Exchange on or before 5th August, 1985 for all the Ordanary share in the Company, 110p per share and to purchase 2,880,000 Ordanary shares of 25p each from the Trustees of the I.D. Burton Settlement at 110p per share.  The agreement provides, inter alia, for the payment by the Company and the Trustees of the I.D. Burton Settlement at 110p per share.  The agreement provides, inter alia, for the payment by the Company and the Trustees of the I.D. Burton Settlement at 110p per share.  The agreement provides, inter alia, for the payment by the Company and the Trustees of the I.D. Burton Settlement ocosis and expense incidental to the grant of permission to doal in the Ordinary share in the Company of the Umlist Securities Market and of the other for sale, including capital dury, accounting and legal focs, printing and advertising cost and a fee to Philipps & Drew. The text despenses of the other for sale payment of the University of the Company, not to sell any further Ordinary shares in the Company and the solling shareholder including the fee to Philipps & Drew. The text despenses of the other for sale payment to the the other for sale, all of which are beneficial, and which exclude any shares which may be applied for by the Directors pursuant to the other for sale, all of which are beneficial, and which exclude any shares which may be applied for by the Directors pursuant to the other for sale, will be seen to the Comp  |
| Long leavehold buildings had not been revalued, they would have been included at cost of E376,000 less accumulated depreciation of £133,000.  18. Investments in Substitution of £133,000.  19. Investments in £10,000.  19. Investments £ | **************************************  | Massachusetts offices, with parking & storage storage storage storage for an addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire: Bristol, Rhode Island, USA; Newport Beach, California, USA; Oaloville, Ontarro, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Boccifrance.  4. Offer for Sale Agreement Pursuant to an agreement under seal dated 12th luly, 1985 between the Company, the Directors, the Truviecs of the IL Button Sentement. C.A. Bystram and Phillips & Drew, Phillips & Drew have agreed, subject to permission being grant by the Council of The Stock Exchange on or before 5th August, 1985 for all the Ordanary share in the Company, 110 pper share and to purchase 2,880,000 Ondrany shares of 25p each from the Trustees of the 1 D. Burton Settlement at 110 pper share.  The agreement provides, inter alia, for the payment by the Company and the Trustees of the 1 D. Burton Settlement at 110 pper share.  The agreement provides, inter alia, for the payment by the Company and the Trustees of the 1 D. Burton Settlement at 110 per share.  The agreement provides, inter alia, for the payment by the Company and the Trustees of the 1 D. Burton Settlement costs and expenses includental to the grant of permission to doal in the Ordinary shares in the Company of the United Securities Market and of the ofter for sale, including capital dury, accounting and legal focs, printing and advertising cost and a fee to Philipps & Drew. The table superious of the ofter for sales provides to the grant of the Settlement o  |
| It long lesseshold buildings had not been revalued, they would have been included at cost of £375,000 less accumulated depreciation of £133,000.  P8. **sevestments in Subsidiaries** The Groop consists of the Company and the wholly-owned subsidiaries described below:  **Principal  | **Revaluation Reserve The revaluation reserve at 28th Pebruary, 1985 comprised:    Croup  | Massachusetts of discs, with parking & storage between the company and the rather subject to renegotiation for an addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire; Bristol, Rhode Island, LIS/Newport Beach, Calsiomia, USA; Oaloville, Ontario, Canada; Sundhyberg, Sweden, La Rochelle, France; and La Boccifrance.  4. Offer for Sale Agreement  Pursuant to an agreement under seal dated 12th Isly, 1985 between the Company, the Directors, the Trustees of the J. Burton Seriement, C. A. Bystram and Phillips & Drew, Phillips & Drew have agreed, subject to permission being granted dealth on the United Securities Market, to subsoche (or 3, 120,000 new Ordinary shares of 35p each to the Company 11th per share.  11th per share and to purchase 2,880,000 Ordinary shares of 25p each from the Trustees of the J. D. Burton Settlement of the part of permission to deal in the Ordinary shares on the Company in the Company and the Trustees of the J. D. Burton Settlement of the Company and the Trustees of the J. D. Burton Settlement of the Company and the Trustees of the J. D. Burton Settlement of the Company and the Trustees of the J. D. Burton Settlement of the Company and the Trustees of the J. D. Burton Settlement of the Company and the Philips & Drew. The total expenses to the other tor sale, including captal dury, accounting and legal total, prompting and set to Philips & Drew. The total expenses to the other tor sale, of the Company and the Settlement of VATI.  In addition, a covenant has been given by the Trustees of the J. D. Burton Settlement and C. A. Bustram, the present provides of the Company, not to sell amount to 4470 000 (reckurse of VATI.  In addition, a covenant has been given by the Trustees of the J. D. Burton Settlement and C. A. Bustram, the present provides of the Company, not to sell amount to 4470 000 (reckurse of VATI.  In addition, a covenant has been given by the Trustees of the J. Burton Settlement.  Nil J. Burton Settlement of the Company set of the Company set of the   |
| It long lesseshold buildings had not been revalued, they would have been included at cost of £376,000 less accomulated depressation of £133,000.  18. Sevestments in Subsidiaries  The Group consists of the Company and the wholly-owned subsidiaries described below:    Principal   | **Revaluation Reserve The revaluation Reserve The revaluation Reserve at 20th February, 1985 comprised:  **Croup £000 £000  Fixed asset revaluation surplus  **Surplus on revaluation of net assets of subsidiaries  **1,398  **19. Profit and Loss account  The profit and Loss account is regarded as distributable. All other reserves in the balance sheet are regarded as non-distributable.  **29. Commanders and other Financial Commitments  **(a) Capital Commitments  **At 20th February, 1985, capital commitments were:  **Croup £000  Authorised but not contracted for Buberquent to this date, a further £645,000 of capital expenditure was approved by the Board of Directors. Not Litigation  The Group has an action against a competitor for alleged infringement of certain winch patients. The Directors have been advised that the estimated legal costs arising subsequent to 25th February, 1985, relating to the action may approvimate US\$000,000. It is, not possible currently to determine what damages, if any, are likely to be awarded to the Group at the action is successful.  **Ict Forward currency contracts**  **It 20th February, 1985, the Group had entered into contracts totalling £1,878,000 to sell foreign currencies up to twelve months in the future as a hedge against foreign currency fluctuations.  **Gl Pension attargements**  The UK Group operates a staff pension fund providing for defined benefits which is externally administered. The fund as subject to a transmit arrangements.  **The Croup operates pension schemes in certain overseas substitution scheme.**  The Croup operates pension schemes in certain overseas substitution scheme.  The Croup operates pension schemes in certain overseas substitutions scheme.  The Croup operates pension schemes in certain overseas substitution scheme.  The Croup operates pension schemes in certain overseas substitutions scheme.  The Croup operates pension schemes in certain overseas substitutions in accordance with local practice.  21. Audited Accounts  No audited accounts have been prepa | Massachusetts Olded, USA Olices, with purking & storage in addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire; Bristol, Rhode Island, USA Newport Beach, Calsiomia, USA; Osloville, Ontano, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocci- France.  4. Offer for Sale Agreement Pursuant to an agreement under seal dated 12th luly, 1985 between the Company, the Directors, the Truveck of the LI Burno Settlement, C.A. Bystram and Phallips & Drew, Phallips & Drew have agreed, subject to permission being grante dealth on the Unfisted Securities Market, to subscribe for 3, 120,000 new Ordnary shares of 25p each in the Company 11top per share.  The agreement provides, inter alls, for the payment by the Company and the Trustees of the 1.D. Burton Settlement of costs and expenses incidental to the grant of permission to doal in the Ordnary shares in the Company in the Unfisted Securities Market and to provides, inter alls, for the payment by the Company and the Trustees of the 1.D. Burton Settlement of costs and expenses incidental to the grant of permission to doal in the Ordnary shares in the Company in the Unfiste Securities Market and of the oriet for sale, incidential of the grant of permission to 641 000 (but, accounting and legal locs, printing and advertising cos and a lee to Phallips & Drew. The total expenses to the oriet for sale, incidential to 470 000 (but, accounting and legal locs, printing and advertising cos and a lee to Phallips & Drew. The total expenses of the 1.D. Burton Settlement and C.A. Bavtram, the present and the foreign of the company, not to sell any surface Confidency share, in the Company for to the announcement of the internal results of the Group for the sale months ending 31st August, 1986 without the piper written consent of Phallips Drectors and Other Interests  1a) The attouces tas defined by the Companies Act 1985 or the Directors in the share capital of the Company (collection to the control of the sale of the 10 to the control of the sal  |
| Section   Sect   | **Revaluation Reserve The revaluation Reserve The revaluation reserve at 28th February, 1985 comprised:    Croup  | Massachusetts Ol4e0, USA Olices, with parking & storage for an additional period of five years  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire; Bristol, Rhode Island, USS, Newport Beach, Calsiomia, USA; Osloville, Ontano, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocc, France.  4. Offer for Sale Agreement Pursuant to an agreement under seal dated 12th July, 1985 between the Company, the Directors, the Trustees of the J. Burton Sertiment. C. A. Bystram and Phillips & Drew, Philips & Drew have agreed, subject to permission being grante by the Council of The Stock Eschange on or before 5th August, 1985 for all the Ordenary shares in the Company in the United Securities Market, to subscribe for 3, 120,000 new Cordinary Shares of 25p each in the Company. 11 to per share and to purchase 2,880,000 Ordinary shares of 25p each from the Trustees of the 1 D. Burton Settlement of a costs and expenses incidental to the grant of permission to deal in the Ordinary shares in the Company in the United Securities Market and of the other for sale, including capital dury, accounting and legal focs, printing and advertising cost and a fee to Philips & Drew. The total expenses of the end of the Public Securities Market and of the other for sale, including capital dury, accounting and legal focs, printing and discribing cost and a fee to Philips & Drew, are estimated to amount to £4:70.000 (ox Review of VAT).  In addition, a coverant has been given by the Trustees of the 1D. Burton Settlement and C. A. Bevirann, the present shareholders of the Company, not to sell any further Ordinary shares in the Company prior to the announcement of the internet to sale, and of the other for sale, will be:  Shares per cent.  Shares per cent.  Directors' and Other Interests  The interests and Cline Interests  The interests and Cline Interests  The interests of the Company, not to sell any further Ordinary shares which may be applied for by the Ordinary shares of the Linguistic of the Company (  |
| If long lessehold buildings had not been revalued, they would have been included at cost of £375,000 less accountialisted depreciation of £133,000.  18. Investments in Subsidiaries  The Group consists of the Company and the wholly-owned subsidiaries described below:  Principal bused share  Activity Capital incorporation.  Elevmar Marine Limited Auditires Limited Property and lessing £100 England | **Revaluation Reserve The revaluation reserve at 28th February, 1985 comprised:    Croup  | Massachusetts Olded, USA Olices, with parking & storage  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire: Bristol, Rhode Island, USA Newpont Beach, California, USA; Osleville, Ontano, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocci- France.  4. Office for Sale Agreement Pursuant to an agreement under seal dated 12th July, 1985 between the Company, the Directors, the Trustees of the J.P. Button Settlement, C.A. Bystram and Phillips & Drew, Phillips & Drew have agroed, subject to permission being grants by the Councid of The Stock Eachange on or belove 5th August, 1985 for all the Ordinary shares in the Company to ideal in on the Unfisted Securities Market, to subscribe for 3, 120,000 new Ordinary shares of 155 peach in the Company 11to per share.  The agreement provides, inter alia, for the payment by the Company and the Trustees of the J.D. Button Settlement of costs and expenses incidental to the grant of permission to doal in the Ordinary shares in the Company in the Unfisted Securities Market and of the Condinary shares of 150 peach for the Securities Market and of the ordiner for sale, including capital dury, accounting and legal tech, promising not and a fee to Philips & Drew. The total expenses of the 16 peach string grows and a fee to Philips & Drew. The total expenses of the other large share by the Company and the Trustees of the 17 D. Button Settlement of Costs and expenses incidental to the grant of permission to 64:10 total grant and set of Philips & Drew. The total expenses of the other large share the company and the Trustees of the 10 per share share the feet of Philips & Drew, are seminated to amount to 64:70 total concerns and the Company for the share shareholders of the Company, not to the announcement of the internation of the Group for the swarp with the Ordinary shares which may be applied for by the Directors and Other Interests  1a) The intorest say defined by the Companies Act 1985 of the Directors in the share capital of the Compa  |
| Long lesseshold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated depresiation of £133,000.  18. Investments in Substitution: The Group consists of the Company and the wholly-owned substituted described below:    Principal   | **As adjusted for the subsequent sub-division and botus issue.  18. Revaluation Reserve The revaluation reserve at 20th Pebruary, 1965 comprised:    Croup  | Massachusetts Olded, USA Olices, with parking & storage  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire: Bristol, Rhode Island, USA Newpont Beach, California, USA; Osleville, Ontano, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocci- France.  4. Office for Sale Agreement Pursuant to an agreement under seal dated 12th July, 1985 between the Company, the Directors, the Trustees of the J.P. Button Settlement, C.A. Bystram and Phillips & Drew, Phillips & Drew have agroed, subject to permission being grants by the Councid of The Stock Eachange on or belove 5th August, 1985 for all the Ordinary shares in the Company to ideal in on the Unfisted Securities Market, to subscribe for 3, 120,000 new Ordinary shares of 155 peach in the Company 11to per share.  The agreement provides, inter alia, for the payment by the Company and the Trustees of the J.D. Button Settlement of costs and expenses incidental to the grant of permission to doal in the Ordinary shares in the Company in the Unfisted Securities Market and of the Condinary shares of 150 peach for the Securities Market and of the ordiner for sale, including capital dury, accounting and legal tech, promising not and a fee to Philips & Drew. The total expenses of the 16 peach string grows and a fee to Philips & Drew. The total expenses of the other large share by the Company and the Trustees of the 17 D. Button Settlement of Costs and expenses incidental to the grant of permission to 64:10 total grant and set of Philips & Drew. The total expenses of the other large share the company and the Trustees of the 10 per share share the feet of Philips & Drew, are seminated to amount to 64:70 total concerns and the Company for the share shareholders of the Company, not to the announcement of the internation of the Group for the swarp with the Ordinary shares which may be applied for by the Directors and Other Interests  1a) The intorest say defined by the Companies Act 1985 of the Directors in the share capital of the Compa  |
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| Element   Elem   | **As adjusted for the subsequent sub-division and botus issue.  18. Revaluation Reserve The revaluation reserve at 20th Pebruary, 1965 comprised:    Croup  | Massachusetts Olded, USA Olices, with parking & storage  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire: Bristol, Rhode Island, USA Newpont Beach, California, USA; Osleville, Ontano, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocci- France.  4. Office for Sale Agreement Pursuant to an agreement under seal dated 12th July, 1985 between the Company, the Directors, the Trustees of the J.P. Button Settlement, C.A. Bystram and Phillips & Drew, Phillips & Drew have agroed, subject to permission being grants by the Councid of The Stock Eachange on or belove 5th August, 1985 for all the Ordinary shares in the Company to ideal in on the Unfisted Securities Market, to subscribe for 3, 120,000 new Ordinary shares of 155 peach in the Company 11to per share.  The agreement provides, inter alia, for the payment by the Company and the Trustees of the J.D. Button Settlement of costs and expenses incidental to the grant of permission to doal in the Ordinary shares in the Company in the Unfisted Securities Market and of the Condinary shares of 150 peach for the Securities Market and of the ordiner for sale, including capital dury, accounting and legal tech, promising not and a fee to Philips & Drew. The total expenses of the 16 peach string grows and a fee to Philips & Drew. The total expenses of the other large share by the Company and the Trustees of the 17 D. Button Settlement of Costs and expenses incidental to the grant of permission to 64:10 total grant and set of Philips & Drew. The total expenses of the other large share the company and the Trustees of the 10 per share share the feet of Philips & Drew, are seminated to amount to 64:70 total concerns and the Company for the share shareholders of the Company, not to the announcement of the internation of the Group for the swarp with the Ordinary shares which may be applied for by the Directors and Other Interests  1a) The intorest say defined by the Companies Act 1985 of the Directors in the share capital of the Compa  |
| It long leasehold buildings had not been revalued, they would have been included at cost of £376,000 less accumulated depreciation of £133,000.  18. Investments in Subdidiaries  The Group consists of the Company and the wholly-owned subsidiaries described below:  Principal buildings had been subsidiaries. Place of England Subsidiaries and the wholly-owned subsidiaries described below:    Emincipal buildings   Property and lessing   Property and lessing   £100   England Subsidiaries and Company   Froperty and lessing   £100   England   Engla | **As adjusted for the subsequent sub-division and bottus issue.  18. Revaluation Reserve The revaluation reserve at 20th Pebruary, 1965 comprised:    Croup   | Massachusetts Olded, USA Olices, with parking & storage  In addition, the Group operates from leasehold premises at The Tannery, Havant, Hampshire: Bristol, Rhode Island, USA Newpont Beach, California, USA; Osleville, Ontano, Canada; Sundbyberg, Sweden, La Rochelle, France; and La Bocci- France.  4. Office for Sale Agreement Pursuant to an agreement under seal dated 12th July, 1985 between the Company, the Directors, the Trustees of the J.P. Button Settlement, C.A. Bystram and Phillips & Drew, Phillips & Drew have agroed, subject to permission being grants by the Councid of The Stock Eachange on or belove 5th August, 1985 for all the Ordinary shares in the Company to ideal in on the Unfisted Securities Market, to subscribe for 3, 120,000 new Ordinary shares of 155 peach in the Company 11to per share.  The agreement provides, inter alia, for the payment by the Company and the Trustees of the J.D. Button Settlement of costs and expenses incidental to the grant of permission to doal in the Ordinary shares in the Company in the Unfisted Securities Market and of the Condinary shares of 150 peach for the Securities Market and of the ordiner for sale, including capital dury, accounting and legal tech, promising not and a fee to Philips & Drew. The total expenses of the 16 peach string grows and a fee to Philips & Drew. The total expenses of the other large share by the Company and the Trustees of the 17 D. Button Settlement of Costs and expenses incidental to the grant of permission to 64:10 total grant and set of Philips & Drew. The total expenses of the other large share the company and the Trustees of the 10 per share share the feet of Philips & Drew, are seminated to amount to 64:70 total concerns and the Company for the share shareholders of the Company, not to the announcement of the internation of the Group for the swarp with the Ordinary shares which may be applied for by the Directors and Other Interests  1a) The intorest say defined by the Companies Act 1985 of the Directors in the share capital of the Compa  |

(a) The following is a summary of the terms of the Directors' service ago Current annual basic salary (subject to annual review) Employer commencement period 17th July, 1965 24th June, 1965 3rd June, 1983 6th June, 1985 12th July, 1985 £60,000 £51,500 US\$115,100 £30,000 3 years The Company has a discretionary bonus scheme under which the Directors may award amounts to executive Directors as a group, pro rata to increases in earnings per share reported annually, from a fund not to exceed 50 percent, or the aggregate or the salaries of all the participants. For the year anding 23rd June, 1986 only, the Company has agreed to pay to M. Jay a fixed bonus of £41,000. Save as disclosed in (a) above, there are no existing or proposed service or consultancy agreements between any Director and the Company or its subsidiaries which are not determinable by the Company or its subsidiaries without ent of compensation (other than statutory compensation) within one year, The Company has effected "key man" term assurance policies on the lives, respectively, of I.O. Burton until 24th May, 1988 in the sum of £500,000 and of R.D.I. Huggett until 1st July, 1986 in the sum of £250,000. Navtec has effected an annually renewable "key man" term assurance policy on the life of T.R. Effessen in the sum of effected an ar US\$500,000. The estimated aggregate Directors' emoluments, excluding the discretionary bonuses referred to under (all above and excluding person contributions, for the year ending 26th February, 1986, are £310,000. The Directors who served during the vear ended 28th February, 1985 were J.D. Burna and Mrs. O.J. Burno (who ceased to be a Director on 26th June, 1985), whose aggregate equivalent emoluments for the period were £130,000. The Articles of Association of the Company, which were adopted on 22nd May, 1985 and amended on 12th July, 1985, . contain provisions, inter aka, to the following effect: The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge is understaing, property and uncalled capital, and to issue debentures and other securities. The Directors shall restrict the borrowings of the Company and exercise all voting and other rights and powers of control exercisable by the Company in retainon to its subsidiaries, as by such exercise they can secure it hat the apprepare amount for the time being remaining outstanding of all monies borrowed by the Company and its subsidiaries and owing to third parties shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to two and one half times the Adjusted Capital and Reserves (calculated and adjusted as provided in the Articles). (ii) Directors The remuneration of the Directors shall be determined by the Company and shall funless otherwise determined be divisible among the Directors as they may agree, or, taking agreement, equally. The Directors may be paid all reasonable expenses incurred by them in attending meetings of the Directors or general meetings of the Company or otherwise in or about the business of the A Director who holds any executive office or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duries of a Oirector, may be paid such extra remuneration as the Directors may determine. The Directors may pay a pension or other retirement, superannuation, death or disability benefits to, or to any persons in respect of, any Director or ex-Director. The Directors may from time to time appoint one or more of their body to be the holder of any executive office on such terms and for such period as the Directors may determine. The statutory provisions as to the retirement of Directors at age 70 apply to the Company. A Director may be party to or in any way interessed in any contract or agreement or transaction to which the Company is a party or in any way interested and he may hold and be remunerated in respect of any office or place of profit tother than that of auditor) under the Company or other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or such other company and be remunerated therefor and in any such case as aforesaid, save as otherwise agreed, he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof. Except in the particular circumstances specified in the Articles, a Director shall not vote or be counted in the quorum in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in sharas or debentures or other securities of or otherwise in or through the Company. The particular circumstances referred to above in which a Director may vote or be counted in the quorum The giving of any security or indemnity to the Director in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries; The giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiances for which the Director himself has assumed responsibility in whole the contraction of the contraction of the property or part under a guarantee or indemnity or by the giving of security; Any proposal concerning an other of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer the Director is or is to be interested as a participant in the underwriting or sub-underwriting thereof; Any proposal concerning any other company in which the Director is interested, directly or indirect and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder or beneficially interested in one per ceru, or more of the issued shares of any class of such company of any third company through which his interest is derived or of the voting rights available to member the property of the property of the company through which his interest is derived or of the voting rights available to member the property of the propert Any proposal concerning the adoption, modification or operation of a superannuation fund or returement benefits scheme or employees share scheme under which the Director may benefit and which has been approved, or is subject to and conditional upon approval by, the Board of Inland Revenue for taxation purposes; At each armual general meeting of the Company, one third of the Directors for the time being lexcluding any Director holding office as an Executive Chairman or as Managing or Joint Managing Director) shall retire from office by rotation; and Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two nor more than ten. (iii) Votes of members Subject to the voting rights which may from time to time be attached to any shares of the Company, on a show of hands every member holding shares present in person shall have one vote and upon a poil every such member present in person or by proxy shall have one vote for every share held by him. A corporation holding shares may authorise such person as it thinks fit to act as its representative at any general meeting. In the case of equality of votes, the Charman shall be entitled to a casting vote. (iv) Variation of rights The rights attached to any class of shares may be abrogated or varied either with the consent in writing of holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordia resolution passed at a separate general meeting of the holders of the shares of that class. The following contracts, not being contracts in the ordinary course of business, have been entered into within the period of two-years immediately preceding the date of publication of this prospectus and are, or may be, materials: Agreement dated 1st July, 1985 between the Trustees of the J.D. Burton Settlement and Lewmar Netherlands B.V. relating to the transaction reterred to in paragraph 1111 above.

Agreement dated 3rd July, 1985 between Burton Enterprises (C.I.) Limited and Waterford Engineering Limited relating to the transaction referred to in paragraph 1(h) above. Memorandum of agreement dated 1st June, 1985 confirming the terms of an oral agreement made in December, 1984 between the Company and C. A. Bystram, relating to the transaction referred to in paragraph 1(e) above. The offer for sale agreement referred to in paragraph 4 above. 9. Working Capital The Directors are of the opinion that, after taking into account the net proceeds of the offer for sale payable to the Company, the Group will have sufficient working capital for its present requirements. The Directors have been advised that, following completion of the offer for sale, the Company will be a close company within the meaning of the income and Corporation Taxes Act 1970. Under the orier for sale agreement referred to in paragraph 4 above, the Trustees of the I.D. Button Settlement have undertaken to indemnity the Company and its subsidiaries against certain taxation liabilities including capital Drawer Last, income Last and estate buty.

Clearance for the reorganisation transactions preceding the offer for sale referred to in paragraphs 101, (g) and (h) above and the ofter for sale has been obtained from the inland Revenue under Section 464 of the Income and Corporation Taxes Act 197.0. The consents of the Treasury to the establishment of Lewman Netherlands B.V. and Waterlord Engineering Lumited have been obtained under Section 482 or the Income and Corporation Taxes Act 1970. A further clearance application under Section 464 of the Income and Corporation Taxes Act 1970 was made on 3rd July, 1985 in respect of the transactions referred to in paragraph 1(utiv) and (v) above. The Company has been advised that the clearance is likely to be forthcoming. The Inland Revenue have confirmed that they do not propose to make an apportionment under the provisions of Schedule 16 of the Finance Act 1972 in respect of any Group companies for any accounting periods ended between 20th February, 1980 and 28th February, 1984 inclusive. 11. Minimum Subscription No minimum amount is required to be raised for the purposes described to paragraph 2/a) of Part 1 of Schedule 3 to the Companies Act 1985.

12. Lewmar plc Employee Share Option Scheme

the total amount or number of the securities subject to the Scheme; the maximum entitlement of any participant under the Scheme: nation of the subscription or option price; and

the voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, attaching to options and to the shares issuable on exercise or options.

At the date of this prospectus, options have been granted under the Scheme in respect of a total of 909,815 shares.

12. Lewmar pic Employee Share Option Scheme

On 21st December, 1984, the Company adopted the Lewmar pic Employee Share Option Scheme ["the Scheme") which, in as application to UK employees, has been approved by the Inland Revenue under the provisions of the Finance Act 1984. As referred to in paragraph 1iji above, the Scheme was amended on 25th june, 1985. The Scheme enables the Directors to grant at their discretion to full-time employees lincluding executive Directors of the Company and its subudiance who are not within two years of normal returnment date options over such number of Ordinary shares (subject to the Immatuors referred to below) as the Directors may determine. Options may in normal circumstances be mercised between the third and tenth anniversants of their grant and enable the option bodier to subscribe for Ordinary shares at the subscription price which will not be loss than the market value of the shares on the date of grant which, to the case of options granted to UK employees, is to be determined by the auditors and agreed with the Shares Valuation Division of the Inland Revenue. No individual may obtain rights under the Scheme hare option scheme (other than a saming-related scheme) established by the Company or an associated company which would, if those rights were exercised at the time they were granted, result in the individual acquiring shares with an aggregate granted value (calculated at the date the rights were obtained in excess of four times his remuneration as set out, in the Rules of the Scheme. The total number of Ordinary shares over which options may be granted under the Scheme may not exceed 7½ per cent. of the issued share capital of the Company at the date of grant of the option (currently 1,787,455 Ordinary shares). In addition, not more than 3 per cent. If per cent, in the first year of operation of the Scheme) of the Company and associated companies in any year and the two preceding calendar years and not more than 10 per cent, of the Issued share capital of the Company, The Directors may subject to the approval of the Inland Revenue from time to time amend the Scheme, save that the following provisions shall not be altered to the benefit of participants without the prior approval of the Company in the persons to whom, or for the benefit of whom, securities may be assed under the Scheme: Any signature on behalf of a Corporation should be that of a duly authorised official who should state his representative capacity. If this form is signed under a Power of Attorney, such Power of Attorney or a duly certified copy must accompany this form. No receipt will be issued for the payment on application but an acknowledgement will be forwarded through the post in due course, either by a fully paid renounceable Letter of Acceptance for all private of the shares applied for and/or a cheque for any application moneys returnable, in each case, at the risk of the applicant.

A separate serting cheque or banker's draft must accompany each application form and must be drawn on a branch in England, Scotland, Wales, Northern Ireland. The Channel Islands or the Isle of Man, of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for the members of those Clearing Houses. Each cheque or banker's draft must bear the appropriate sorting code number in the top right hand corner, and must be made payable to "Barclays Bank PLC" and crossed "Not Negotlable". Up to 600,000 Ordinary shares, representing 10 per cent, of the Ordinary shares now being offered for sale, are reserved in the first instance for preferential applications from eligible Directions and employees of the Group, other than ordizons or residents of the USA or its territories or Canada, at the offer for sale price. Such applications must be made on the special pink application forms which are available to such employees for the purpose. Applications from employees must be for a minimum of 100 Ordinary shares. In the event of excess applications being received from employees, the basis of allocation among them will be determined by Phillips & Orew in their absolute discretion. The right is reserved to present all cheques and banker's drafts for payment on receipt, to retain application forms and surplus application monies pending the clearance of all cheques and banker's drafts of successful applicants, to accept in part only or to reject or scale down applications, and in particular, to reject multiple or suspected multiple applications. Due completion and delivery of an application form accompanied by a cheque or banker's draft will be honoured on the first presentation and attention is drawn to the declaration in the application form to that effect. Applications will be irrevocable until 6th August, 1985. Copies of this prospectus have been delinered to the Registrar of Companies for registration, each copy having attached to it copies of the application forms, together with the statement of adjustments made by the Reporting Accountants, the consent referred to in paragraph 13/cj below and the contracts referred to in paragraph 8 above. No person receiving a copy of this offer for sale or an application form in any termory other then the United Kingdom may treat the same as constituting an invitation to him, nor should be in any event use such application form, unless in the relevant territory such an invitation could lausfully be made to him and such form could lausfully be made to him and such form could lausfully of any person buside the United Kingdom wishing to make application in hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therawith including obtaining any governmental or other consent which may be required or observing any other formalities needing to be observed in such territory. The Group is plaintiff in two actions against a competitor alleging infringement of certain of its winch patents. One case, in the USA, has involved the Group in significant legal expenses, details of which appear in Noie 20(b) to the Accountants' Report above. In the other action, in the UK, the Group has obtained an interfocutory injunction. In these proceedings, the desindant is counterclaiming for revocation of the patent involved. The Directors believe that each or the Group's claims is soundly based. There is no other largation or claim of material importance involving the Group pending or threatened. The right is reserved to reject any applications which do not satisfy the above conditions, although Phillips & Drew reserve the right to wave any such conditions. Arthur Andersen & Co. have given and not withdrawn their written consent to the issue of this prost inclusion herein of the Accountants' Report and with the references to their name in the form and co The financial information concerning the Company and each of its subsidiaries contained in this prospectus does not amount to full individual accounts within the meaning of Section 255 of the Companies Act 1985. Individual accounts, as required by the Companies Act 1985, have been or will be delivered to the Registrar of Companies in respect of the Company and its UK subsidiaries for the period covered by the Accountants Report set out above. Arthur Andersen & Co. have made a report under Section 236 of the Companies Act 1985 in respect of each set of accounts so delivered and each such report was an unqualified report. BASIS OF ALLOTMENT Phillips & Onew will have complete discretion in deciding the basis of allocation, in so deciding, they will have regard to the need to establish a satisfactory market in the shares, for which purpose a reasonable number of shareholders is required. The basis of allocation will be announced on, or as soon as possible after, 22nd July, 1985. If any application is not accepted, or is accepted for fewer shares than the number applied for, the application money or the balance of the amount paid on application will be returned by cheque through the post, to all cases Copies of the following documents may be inspected at the offices of Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2 during usual business hours on weekdays (Saturdays and public holidays excepted) for a period of fourteen days from the date of publication of this prospectus: Up to 600,000 Ordinary shares, representing 10 per cent, of the shares now offered for sale, are reserved in the first instance for applications from eligible Directors and employees of the Group other than those who are citizens or residents of the US or its territories or Canada at the offer for sale price. Such applications must be made on the special pink application forms which are being made available to such employees. Applications from such employees must be for a minimum of 100 shares each at the offer for sale price, in the event of excess applications being received from employees, the basis of allocation among them will be determined by Phillips & Drew, at their discretion. The Memorandum and Articles of Association of the Company: The audited accounts of the Company, Burton Enterprises (C.I.) United and Navtec and the accounts of Lewma Marine Inc. for their last three respective accounting periods: The Accountants' Report together with the statement of adjustments relating thereto; The material contracts referred to in paragraph 8 above; The Directors' service agreements referred to in paragraph 6 above; GENERAL The written consent referred to in paragraph 15ic above; and The Rules of the Lewmar pic Employee Share Option Scheme. The offer for sale and the acceptance of all application forms is conditional on the Council of the Stock Exchange granting permission for the whole of the Ordinary share capital of the Company, issued and now being issued, to be deak in on the Unlisted Securities Market not later than 5th August, 1985. Money paid in respect of all applications will be returned (without interest and at the rak of the applicant concerd if such permission is not granted and in the meannine will be retained by Barclays Bank PLC in a separate account. 12th July, 1985 Renounceable letters of acceptance are expected to be sent to successful applicants on 26th July, 1985 and will be renounceable up to 6th September, 1985. The sharas now being offered for sale will be registered free of stamp dury in the names of the purchasers or persons in whose favour letters of acceptance have been renounced, provided that, in the case of-renunciation, letters of acceptance duly completed in accordance with the instructions contained therein are lodged for registration on or before 3.00 p.m. on 6th September, 1985. Share certificates will be despetched by first class post on or before 4th October, 1985. PROCEDURE FOR APPLICATION REQUIREMENTS FOR APPLICATION Applications (other than employee applications) must be made on the accompanying application form which, together with a stelling cheque or banker's draft for the full amount psyable on application, should be delivered or posted to Barclays Bank PLC, New Issues Department, PO Box 123, Fleetway House, 25 Farmington Street, London ECAA 4HD so as to arrive not later than 10.00 a.m. on Monday, 22nd July, 1985. Photostat copies of the internal plant has presented in the property of the property Dealings in the Ordinary shares are expected to commence on 29th July, 1985. Copies of this document with application forms may be obtained from:application forms will not be accepted tewmar pic, Southmoor Lane, Havant, Harmshire PO9 18: Applications must be for a minimum of 200 shares and thereafter in multiples of 200 shares up to 1,000 shares; in multiples of 500 shares up to 5,000 shares; in multiples of 1,000 shares up to 10,000 shares; and in multiples of 5,000 shares thereafter. Phillips & Drew, 120 Moorgate. London EC2M 6XP APPLICATION FORM The application list for the Ordinary shares now offered for sale will open at 10.00 am on Monday, 22nd July, 1985 and may be closed at any time thereafter. This application form when completed must be lodged with or posted to Barclays Bank PLC, New Issues Department, P.O. Box 123, Fleetway House, 25 Farringdon Street, London ECAA 4HD, together with a cheque/banker's draft representing payment in full at the offer for sale price so as to be received not later than 10.00 am on 22nd July, 1985. Photostat copies of application forms will not be accepted. A separate cheque or banker's draft must accompany each application form. Cheques and banker's drafts, which must be drawn in sterling on a branch in England, Scotland, Wales, Northern freland, the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for the members of those Clearing Houses and must bear the appropriate sorting code number in the top right hand corner, must be made payable to "Barclays Bank PLC" and crossed "Not Negotiable". All cheques/banker's drafts are liable to be presented for payment on receipt.

Applicants are strongly advised to use first class post and to allow two days for delivery. LEWMAR plc (Incorporated in England under the Companies Acts 1948 to 1967, Registered Number 960932) - Offer for Sale The transfer of the first transfer and the first transfer of the f Phillips & Drew 6,000,000 Ordinary shares of 25p each at 110p per share payable in full on application \*Applications must be for a minimum of 200 Ordinary shares and thereafter must be in the following multiples of Ordinary shares:— \*Number of shares for which Amount enclosed at 110p application is made multiples of 200 shares Applications up to 1,000 shares Applications for over 1,000 shares up to 5,000 shares multiples of 500 shares multiples of 1,000 shares Applications for over 5,000 shares up to 10,000 shares . £ Applications for over 10,000 shares multiples of 5,000 shares To: PHILLES & DREW

[/We enclose a sterling cheque or banker's draft payable to Barclays Bank PLC, for the above mentioned sum, being the amount payable in full on application for the stated number of Ordinary shares of 25p each in Lewmar plc ("the Company") at 110p per share. I/We offer to purchase that number of shares and I/We agree to accept the same or any smaller number in respect of which this application may be accepted upon the terms of the prospectus dated 12th July, 1985 and subject to the Memorandum and Articles of Association of the Company. I/We request that you send to me/us a fully paid renounceable Letter of Acceptance in respect of such shares, together with a cheque for any moneys returnable without interest, by post at my/our risk to the address first given below and procure that my/our name(s) be placed on the Register of Members of the Company as holder(s) of such of the shares allocated to me/us (if any) as have not been duly renounced. FOR OFFICIAL USE ONLY Acceptance number In consideration of Phillips & Drew agreeing to accept applications upon the terms and subject to the conditions of the said document for an aggregate number of 6,000.000 Ordinary shares of 25p each of the Company, I/we agree that this application shall be irrevocable until 6th August, 1985 and that this paragraph shall constitute a collateral contract between me/us and Phillips & Drew which shall become binding upon despatch by mail or delivery of this application form to Barclays Bank PLC duly completed. Number of shares accepted I/We understand that the completion and delivery of this application form, accompanied by a cheque, constitutes a warranty that the same will be honoured on first presentation. I/We acknowledge that a renounceable Letter of Acceptance and any cheque for any moneys returnable to me/us are liable to be held pending clearance of all applicants' cheques and banker's drafts. 3. Amount received 1. Signature ..... . Amount payable ●Forename(s) (in full) PLEASE Surname and designation (Mr. Mrs. Ms. or Title) USE BLOCK CAPITALS 5. Amount returned ●Address (in full) £ (In the case of joint applications all further applicants must sign and complete below) 6. Cheque number Forename(s) (in full) Surname and designation. Address (in full) ..... (Mr. Mrs. Ms. pr Title) Forename(s) (in full) ..... Surname and designation ... (Mr. Mrs. Ms. or Title) Address (in full) ..... PLEASE 4. Signature ...... PIN CHEQUE/ Forename(s) (in full) ..... Surname and designation . (Mr. Mrs. Ms. or Tide) Address (in full) ........



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#### FT COMMERCIAL LAW REPORTS

# Referential offer cannot be accepted in fixed bidding sale

HARVELA INVESTMENTS LITD v ROYAL TRUST COMPANY OF CANADA (CI) LTD AND OTHERS
House of Lords (Lord Fraser of Tullybelton, Lord Diplock Lord Edmund-Davies, Lord Bridge of Harwich and Lord
Templeman): July 11, 1985

AN INVITATION to specified persons to make confidential offers for the purchase of shares, with an undertaking shares, with an undertaking by the vendor to accept the highest offer, gives rise to a fixed bidding sale in the absence of express provision for auction; and in such circumstances the offer by one prospective buyer of an unfixed sum to be ascertained in the future by reference to the bid of another is invalid and cannot be accepted.

The House of Lords so held when allowing an appeal by Harvela Investments Ltd from a Court of Appeal decision that an invitation by Royal Trust Company of Canada (CI) Ltd for offers to purchase its shares in a company had resulted in a sale to Sir Leonard Omerbridge and not to Harvela.

\* \* \*\*

LORD TEMPLEMAN said that

the lisued share capital of A. Harvey & Co was held 43 per cent by the Harvey family, represented by Harvela, 40 per cent by the Octerbridge family, represented by Sir Leonard, and 12 per cent by Royal Trust.

Acquisition of Royal Trust. Acquisition of Royal Trust's share by Harvela or by Sir share by Harvela or by Sir Leonard would confer control. On September 15 1881 Royal Trust invited Harvela and Sir Leonard to submit offers for its shares "by sealed tender or confidential telex . . by 3 pm . . . September 16 1981 on the

following terms:

1. That tenders are a single 2. That payment . . . shall be within 30 days of September 16

Harvela claimed the shares at C\$2.175m. Sir Leonard claimed them at C\$2.276m as a result of his referential offer of C\$101,000 more than Harvela's fixed bid.

Mr Justice Peter Gibson found in favour of Harvela. The Court of Appeal found in favour of Sir Leonard. Harvela appealed.

A vendor who undertook to sell to the highest bidder could conduct: the sale by anction or conduct: the sale by auction or by fixed bidding.

ACROSS

1 Whistler in the kitchen? (6) 4 Delivery of variable length

18 Fertile spot for arranging

flowers (5) 20 Ruler making line, in part

21 Master in MA representation—a prominent trend (10)
23 Standard competent story

24 It's unfavourable to tot up

the lines, we hear (7)
25 Notice in two tenses in the

(6)
3 Lucy with man? That could 7
be stander (7)
9 Larwood was—with due deference to human beings (7)

F.T. CROSSWORD PUZZLE No. 5,770

In an auction sale each bidder might adjust his bid by reference or \$1 more than Sir Leonard's fixed bid, Sir Leonard would sale a bidder might not adjust his bid.

bizarre. If Harvela had bid C\$2m might adjust his cereminal bid of \$2.100.000 his referential bid of \$2.100.000 his reference or \$1 more than \$1.000 his reference or \$1 more than \$1.000 his reference or \$1.000 his reference o

A vendor chose between a fixed bidding sale and an auction sale. A bidder could only choose to participate in the sale or to abstain.

abstain.
The ascertainment of Royal Trust's choice between a fixed bidding sale and an auction sale by referential hids depended on its presumed intention to be deduced from the terms of the invitation read as a whole.
The invitation contained three provisions which were consistent only with the presumed intention to create a fixed bidding sale.
First, Royal Trust undertook to accept the highest offer; that showed it was anxious that a sale should result from the invitation.

Second, it extended the same

invitation to Harvela and Sir Leonard; that showed it was desirous that each of them, and nobody else, should be given an equal opportunity to purchase the shares.

Third, it insisted that offers must remain confidential until the specified time; that showed it was desirous of provoking offers of the best price each was epared to pay, in ignorance of other's bid.

A fixed bidding sale met all Royal Trust's requirements deducible from the terms of the invitation. It was bound to result in e sale of shares, gave an equal opportunity to Harvela and Sir Leonard to acquire the shares, and provoked the best

If the invitation were construed so as to create an anction sale by means of referential bids, those requirements could

bids, those requirements could not be met.

First, if referential bids were permissible, there was a danger, far from negligible, that the sale might be abortive and the shares remain unsold. The shares would only be sold if et least one bidder submitted a fixed bid and the other bidder based his referential offer on that fixed bid.

Second, if referential bids were permissible, there was also a possibility, which in fact occurred, that one bidder would never have an opportunity to buy. Harvela could not win and Sir Leonard could not lose.

Third, if referential bids were permissible, Royal Trust's object of provoking the best price was frustrated. Sir Leonard could have achieved the same purpose by offering one dollar more than

Harvela.

Finally, if referential bids were permissible by implication, the results could have been contract.

Contract.

For Sir Leonard: Leolin Price For Sin Leonard: Leolin Price (McKenna & Co).

For Sir Leonard: Leonard: Leonard: Leonard: Leonard: Leonard:

5 One leaves fish plant (5)

6 They're honourably dis-charged—with credit in, that is, arising (7)

- seven would be se hard (9) 10 Pub lime be made up

taken in when grovelling

as against Harvela's referential bid. But if Harvela's referential bid. But if Harvela's bad offered CS1.9m or 81 more than Sir Leonard's fixed bid, Harvele would have been the purchaser at its referential bid of CS2,101,001 as against Sir Leonard's referential bid.

It would have been possible for Royal Trust to conduct an auction sale through the medium

auction sale through the medium of confidential referential bids, but only by making express pro-vision in the invitation for that

purpose.

To constitute e fixed bidding sale, all thet was necessary was that Royal Trust should invite confidential offers and under-take to accept the highest

vitation. It followed that the invitation on its true construc-tion created a fixed bidding sale and that Sir Leonard was not entitled to submit, and Royal Trust was not entitled to eccept.

Trust was not entitled to eccept, a referential bid.

The decision in South Hetton Coal [1898] 1 Ch 465 where a referential bid was beld to be invalid, would be followed.

It was argued that South Hetton was distinguishable because the vendors undertook to accept "the highest net money tender" whereas in the present case it was "the highest offer."

That argument sought to elevate a trivial reference into a legal distinction.

South Hetton was followed by

South Hetton was followed by the majority in the New York Court of Appeals in SSI Innes-tors (1982) 449 NYS 2d 173, 174-175.

The majority judgment succinctly and cogently summarised the reasons for rejecting referential bids: "The very essence of sealed competitive bidding is the submission of independent self-contained bids. . In the context of such bidding, therefore, e submission by one bidder of a bid dependent for its definition on the bids of others is invalid and unacceptable."

The second question raised in the present appeal related to Sir Leonard's claim that on September 29 1981 Royal Trust eccepted his referential offer of C22.7for, on the pendent of the invitation. He sought damages for Royal Trust's Nugee QC and Oliver Wenver breach of the alleged second (Buchoff & Co). For Sir Leonard: Leolin Price and Leolin Price of the second that Royal Trust. OC and Long Dennington.

was unnecessary. If Harvela was entitled to them, a second con-tract to sell to Sir Leonard was unthinkable. Accordingly, no second contract came into exist-

The third question was whether Royal Trust was entitled, under clause 5 of the invitation, to interest on the purchase price in that closing failed to take place within 30 days "other than by reason of any delay" on its

The sale was not completed because Royal Trust declined, mistakenly, to recognise and fulfil its duties under the invitation to sell to Harvela. Failure to complete was due to delay on Royal Trust's part. It was therefore not entitled to interest at the contractual penal rate.

Its conduct, however, was not blameworthy or unresconable blameworthy or unreasonable.

Harvela could have paid the purchase price into court where it would heve earned interest. It had had the use of it for nearly four years, and would benefit from the profits made by the company since September 16: 1831.

In the circumstances it would be unconscionable for Harvele to enjoy the purchase price and the benefit of the profits.

the benefit of the profits.

Royal Trust was contractually bound to transfer the shares to Harvela and, as e condition of specific performance, Harvela should pay Royal Trust interest et the short-term investment rate. Harvela would be entitled to the preferential dividends received by Royal Trust in respect of the shares since October 15, 1981.

Lord Fraser and Lord Edmund-Davies agreed. Lord Dipiock gave a concurring judgment.

LORD BRIDGE, also concurring, said that Sir Leonard's referential bid could not be referential bid could not be quantified without reading into it the amount of Harvela's fixed bid. To do that before 3 pm September 16 would bave been a breach of the undertaking not to disclose details of any offers before the deadline. To do it after the deadline would have been too late.

### APPOINTMENTS

# New chief for **DRG** Group

Mr J. Moger Woolley, chief executive DRG UK, is to assume in addition responsibility for DRG's overseas operations and from September 1 will become group chief executive. Mr Woolley, who joined DRG in 1959, has been a director of DRG

Viscount De L'Isie has been eppointed chairman of CITY ACRE PROPERTY INVEST-MENT TRUST. He succeeds Mr B. G. Turner, who has stood down as chairman for personal

Mr John Eric Titley bas joined the partnership of BUCK-MASTER & MOORE, stock-

DATASERV INC has made the following appointments at Premier Computers—Detaserv's Windsor-based European operating arm: Mr David P. Donovan becomes director and general manager—European operations from managing director, UK. He also assumes overall responsibility for the group's companies in West Germany and The Netherlands. Mr Peter G. Hall, becomes director and general manager — UK from sales

11 Airy dwelling in the main
(10)
12 Interested in book I love to
wrap up (4)
13 Sort of hotel, Dry? Oh,
oddly—yes (5)
14 Catch smokers—they produce a sound mixture (8)
18 Business traffic (8)
18 Fertile snot for arranging
(6-3)
12 Ah! loosing belted louts? (9)
15 Converted figures for tax purposes? (7, 2)
16 Get out of country with road scrape (7)
19 Present done up for crawler (7)
21 Rind of liquor for a republic Mr Alexander Derbie has been appointed company secretary by HIGGS AND HILL, based in New Maiden, Surrey. He will be responsible for all secretarial and legal services for the UK and overseas construction and property companies. Mr Derbie 22 Analysis of glass—a yellow bas for several years been beed of legal services for the inter-national construction activities of Solution to Puzzle No. 5,769

the Tarmac Group in Wolverhampton. SUN LIFE INVESTMENT MANAGEMENT SERVICES, the investment management arm of the Sun Life Group, has appointed Mr David McNab as associate director (marketing) with responsibility for the sales and marketing of group managed funds and the development of segregated funds.

THE LINKED LIFE
ASSURANCE GROUP has
elected a new chairman: Mr
Fred Dinmore, assistant general manager of Cornhill Insurance, bas replaced Mr Alan Roberts. Mr Roberts will continue as an ex-officio member of the

Mr Jeff Larcombe has been appointed to the board of EROS MAILING CO, where be is e regional director of the sales, merchandising and promotion support services Midlands opera-tion.

Mr Steve Dixon has been appointed managing director of operating LEX LOGISTICON, a joint executive,

venture company set up by Lex Service and Logisticon Inc, of America. He was group manager, Lex Hire and Leasing. Mr Dixon has now been seconded to Lex Computer Products with e brief to devise and develop the group's strategy in commercial and industrial areas of computer pro-

MARLEY has appointed as an additional non-executive director, Mr Denis Ivor Allport, chairman

Mr Michaed Edwards has bee appointed group managing director of RILEY, and Mr Jack Armstrong has joined the board as e non-executive director. Mi as a non-security director. An Edwards joined Riley in June 1983 as managing director of Riley Billiards and has been principally responsible for the snooker manufacturing activities. Mr Armstrong, a U.S. citizen, has considerable experience with the European operations of major U.S. corporations and is presently managing director of Allen Bradley's European electronics business fronics business.

Mr Bryan Hawkins governor of BUPA and former director of Samuel Montagu has joined the boards of MANCHESTER EXCHANGE GROUP and MAN-CHESTER EXCHANGE TRUST.

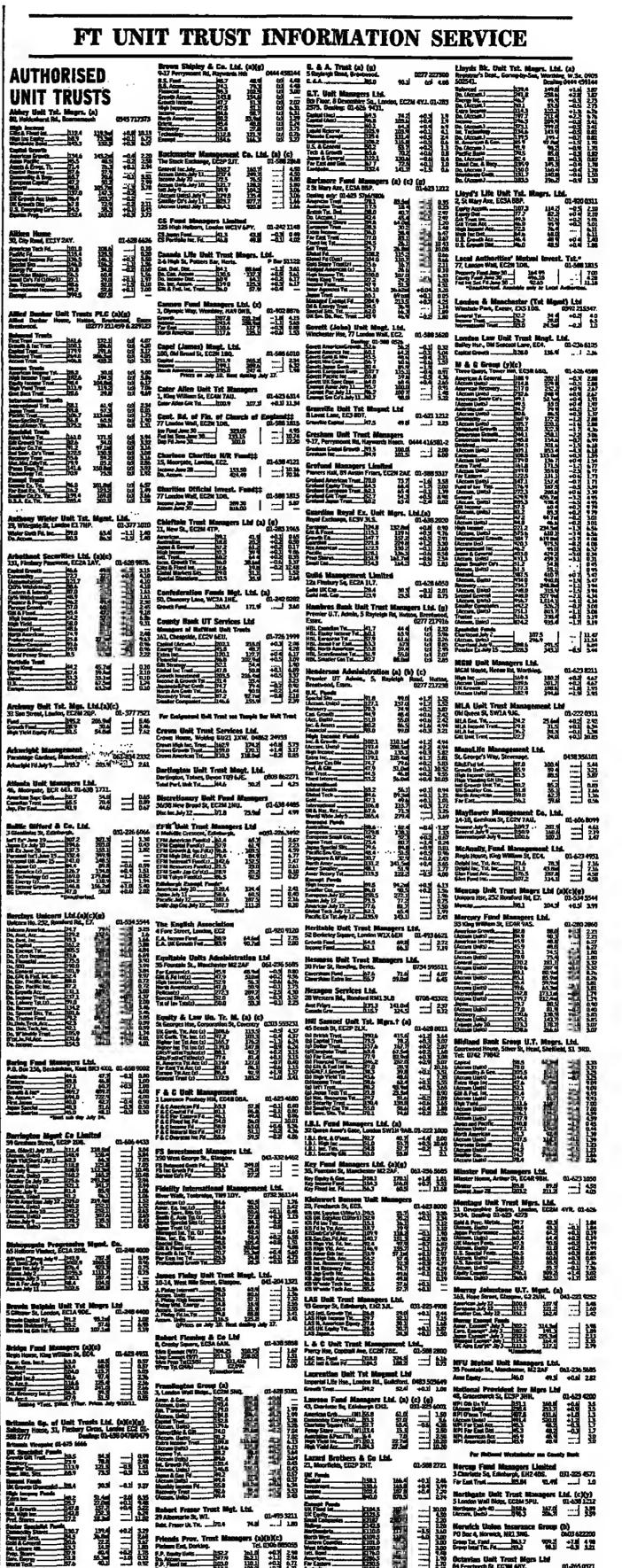
Mr Murray P. Macmillian is join the board of COLLINS-WILDE. He is chairman and managing director of Anchor-glade Development and subsidiary companies. Mr R. W. Mattes, chairman of

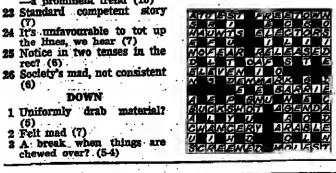
THE UNILEVER MEAT GROUP UK. will retire on January 7 single board is to be formed for The Wall's Meat Co. and Mattesons Meats early in 1986 and Mi W. Kok, chairman of Unilever Vleesgroep — Netherlands BV Netherlands, will become chair man of this board on the retire-ment of Mr Mattes.

Mr Julian Tregoning bas been eppointed e director of SAVE & PROSPER GROUP. As investment services director he will continue to be responsible for the investment services. the investment services depart-ment and will also be responsible for co-ordinating Save & Prosper's support to Montague Loebl Stanley, stockbrokers, which Save & Prosper has agreed to buy and which wil lihen concentrate on the developement of asset management services for private clients.

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Mr Robert Ffoulkes-Janes has been appointed chief executive of BRAMMER and Mr Barry Ralph has been appointed chief operating officer / deputy chief



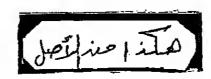


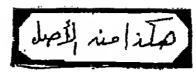
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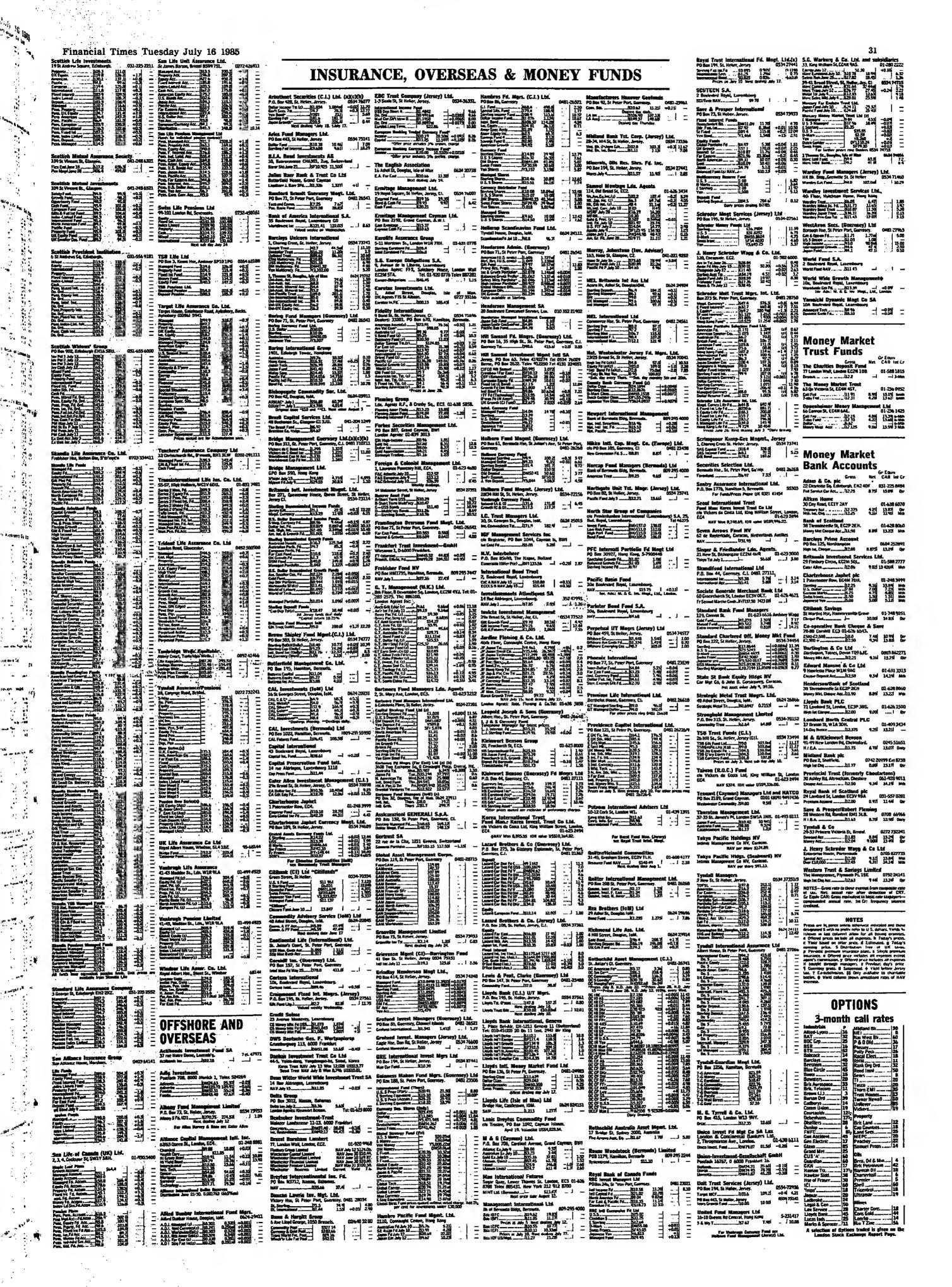
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#### Aluminium demand expected to rise

By Our Commodities Staff PRIMARY ALUMINIUM CPUsumption in Europe and North America is likely to improve moderately in the secend half of this year, but will etill be alighly below volume in the equivalent peried of 1984,

LONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes during week ended

|           | (tonnes)                           |
|-----------|------------------------------------|
| Aluminium | +2.650 to 125,550                  |
| Соррег    | +4,525 to 120,125                  |
| Lead      | -225 to 35,175                     |
| Nickel    | +150 to 5,688                      |
| Tin       | +685 to 23,255                     |
| Zinc      | 825 to 34,075                      |
| Silver    | (ounces)<br>+136,000 to 50,262,000 |

according to the latest projection by analysts Chase Econo

It points out that producties cuthacks have not yet thought about the supply deficit which producers are hoping will even-tually drive up prices. "An improved market balance, and higher aluminium prices, thus depend upon a recovery in de-mand," it says.

#### Firmer tone at London tea auction

By Our Commodities Staff

DEMAND for tea was somewhat stronger and more general at yesterday's weekly London auction. Fewer teas remained unsold than at recent sales, according to the Tea Brokers' Association.

There was again no price quoted for quality grade tea and medium grade was unchanged at 135p a kilo. But low medium grade gained 5p from last week's level at 107p a kilo.

The total offering amounted

to 33,295 packages, including 5.378 packages in the offshore Coloury medium grade teas gained 5-10p a kilo

# Malaysia unruffled over U.S. tin sales policy

adhered to," said Datuk Leong.

On plans to introduce tin futures trading en the Kuala

Lumpur Commodities Exchange (RLCE), the minister said this

would take some time, and would probably not take place

Nancy Dunne writes from Washington: Congress bas ordered the administration to direct the proceeds from all

stockpile sales and 30 per cent

MALAYSIA HAS given qualified approval to a U.S. policy change affecting its strategic stockpile of tin and sales effourplus tin by the General Services Administration (GSA).

Datuk Paul Leong, Malayaia's minister industries minister industries minister industries minister industries minister. primary industries minister, whe met Mr Allen Wallis, the U.S. under - secretary fer U.S. under secretary fer economic affairs, in Kuala Lumpur over the weekend, said Malaysia was "not unduly worried about the change as long as GSA sales do not disrupt the already depressed market"

market."
Under the new policy, the U.S. edministration has decided that 150,000 tonnes of tin from the existing GSA stockpile ef 186,430 tonnes weuld be placed in the supplementary reserve of strategic and critical materials, leaving 36,430 tonnes available for sale.

Mr Wallis told the minister that the placing of 150,000 tennes under the strategic and

tennes under the strategic and critical stockpile would help reduce the everhanging effect of GSA tin on the market, and that the surplus metal would he sold over a period of "at

least five years."

He also gave an assurance that GSA sales would not disrupt the market, and the Asean (Association of South - East Asian Nations) tin-producing countries—Malaysia, Indonesia and Thailand—would he consulted if sales exceed the annual

the new goals were settled the fund has been building up for months. Officially it has reached to stop tin sales because of the depressed market, and emphasised it was vital that the memorandum of understanding on the 3,000 tonnes limit be

\$220m. However, officials at the Naval reserve have been suspending payments into the fund for the past few months so that it wen't He pointed out the GSA had already seld 2,220 tonnes of rin between January and July 12 this year.

past few months so that it wen't exceed the \$250m limit, according to ene of the stockpile managers. Otherwise, aelling weuld have to stop immediately. Meanwhile officials at the Naw Yerk Commodity Exchange (Comex) are studying the possibility of introducing tin futurea at the request, they claim, of "North American tin interests." of the Association of Tin Producing Countries (ATPC) would discuss the matter at their meeting in Canberra in mid-" Several people hava

approached us as a result of the problems on the LME (London Metal Exchange), said one official. "They think they are not heing properly served."

Mr Paul Schaldonat, president until the end of the year.

"First, we have to push through the structural and legal reforms to revive the KLCE, dent of the American Tin Traders Association, complained to the LME that the market has "not been reflective of supply and demand," and be said and we must also get the approval from the International Tin Council," be added. American traders may look else where for hedging opportuni-ties. However, he said, Comex has traded ain in the past and it has not been successful a tin contract would be "a disaster," of the proceeds of sales from the U.S. naval rescrie into the stockpile transactions fund. The

### **UK** urges full backing for ban on whaling

BRITAIN APPEALED yester-day to Japan, Norway and the Seviet Union to withdraw their ebjections to a moratorium en cemmercial whaling which is dua to come into ferce later this

Opening the 37th annual meeting of the International Whaling Commission in Bournemeuth. Mr John MacGreger, Britain's minister of atate fer agriculture and fisberies, said: "We regard the moratorium on commercial whaling as abselutely vital in view of the deuhts and uncertainties which exist about the status of whale populations and the past record of management failure."

The ban on commercial walling, due to begin with the 1985-86 whaling aeason which starts this winter, was agreed by a majority of IWC members in 1982 in order to allow aeverely-depleted whale stocks to replenish themselves. It will last at least until 1990, when a review of stocks is due to take place.

However, Japan—the largest whaling nation—the Soviet Union and Norway bave main-tained formal objections to the moratorium, leaving them tech-nically free to continue whaling.

Mr MacGregor did not menmr Mackregor and not men-tion these countries by name. But he said: "I am only sorry that the moratorium is not coming into effect with the unanimous support of all members of the Commission.

"I do bope that those countries which have maintained objections to the decision will now be able to withdraw them as soon as possibel and rally to the majority view."

The IWC meeting is also faced with growing concern among environmentalists about among environmentalists about a request hy two other key whaling nations, Iceland and Sonth Korea, to be allowed to catch up to 400 whales a year for what they describe as scientific purposes. Conservation groups believe this is merely a front for continued commercial whaling.

Farmer's viewpoint: by John Cherrington

# Bringing science to the aid of Africa's hungry

LAST WEEK'S announcement similar research into crops sukthat Mr Nerman Borlang is to able for an African environheed a team leoking fer ways ment should not he equally to spread the "green revolu-tien" techniques to Africa in an attempt to belp solve the contin-ent's food problems is most welcome. The project, to be funded by a Japanese philan-thropist emerged from a threeday workshop in Geneva on the alleviation of poverty and starvation in Africa, erganised by the Centre fer Applied Studies in International Negotiations.

I had the privelege of meet-

in International Negotiations.

I bad the privelege of meeting Mr Berlaug in Mexico several times while he wae developing the techniques ef wheat growing that won him the Nobel peace prize.

I found him to be a most practical scientist with a keen appreciation of the difficulties of getting his ideas put inte practice in the different countries which sought his help in increasing food supplies.

The green revolution was no miracle cure, either with the wheats or the new rice varieties developed by the Rockefeller Foundation for which Mr Borlaug worked. He was sent to Mexico to find the best way of increasing wheat yields within the limits of existing resources of fertiliser, irrigation and varieties available in the subtropical belt.

The main requirement for increasing yield and protein in wheat is the amount of nitrogenous fertiliser which the plant can absorb. In the case of the subtropical wheats being grown the problem was that extra nitrogen caused the straw to collapsa and very frequently the result was to reduce the expected yield. Mr Borlaug the result was to reduce the expected yield. Mr Borlaug selected the wheats he used from existing strains of dwarf wheat with stronger straws and so increased yelds of barvested grain dramatically. The so-called Mexican wheats which be developed have been successfully used in many parts of the world, notably India and Pakistan. India this year is actually selling wheat on the

successful. successful. There is no shertage of scientific or prac-tical knowledge of agriculture world wide. Tha main reason it bas net been put into practice has heen the combined inefficiency of governments and the economic systems under the economic systems under which most people are forced to live.

The green revolution has its critics. They seem largely to concentrate on the fact that the processee need the back up of modern industry to manufacture the fertiliser and this forces the peasants into a modern money economy. But this from my observations

In the late 1960s the 'green revolution' transformed the agriculture of a

large part of Asia. Now Mr Norman Borlaug, its chief architect, is turning his attention to Africa's even more pressing needs

around the world is exactly what the peasants desire to do. I am not one of those who believe that village life in India, Africa or any other developing area is in any way idea. One can see all to easily the effects on health, both human and animal, of malnutrition.

This of course is caused by This, of course, is caused by inadequate crop yields, inevitable in subsistence farming-and over population. The application of modern methods of disease control has undoubtedly

saved millions of ilves. It is unfortunate, bowever, that

similar progress has not been made on feeding those rescued

from scourges such as smallpox and malaria. One way would

High 27.40 27.05 26.52 25.68 25.54 25.27 25.20 24.50 24.50 24.50 24.50 23.83 23.80 23.86

318.7 323.0 326.9 333.2

CRUDE Off. (LIGHT)
42,000 U.S. gallons, \$/burrels

GOLD 100 troy oz, \$/troy oz

HEATING Off. 42,000 U.S. galions, cents/U.S. gallons

ORANGE JUICE 15,000 lb, cents/lb

High 140-30 137.75 134-20 132.70 131.50 131.50

High 89.40 69.00 70.50 71.00 71.75 72.10

with the basic foods.

The Chinese seem to me to have the right idess on food production. They are, I believe, inherently good farmers. They know bow to grow things and they make use of all the resources available, including introgen fertilser. By every coal mine or open cast site there is a nitrogen fixation plant, and by doube or treble cropping and the application of modern techniques they claim to feed 11 people for every hectare of arable land.

I fear, bowever, that Mr Borlang's task will be far more complex than eimply to increase

Borlang's task will be far more complex than eimply to increase food production. There is enough knowledge to provide almost every country in the world with sufficient food for its own populations within the eight years which be claims to be sufficient in which to make

The difficulty is to persuade the governments of the problem countries to use their resources more wisely so that they can at least grow and distribute all their basic food needs. How this is to be done in the chaotic political environment of many of these emergent states is a of these emergent states is a matter which even Mr Borlaug could find a daunting problem. But I do know from when I spoke to him last that he is well aware of the difficulties and is not the man to keep quiet about

#### Babcock buys control of boiler plant

BABCOCK Power has paid £7m for control of the Robey boiler-making plant of Lincoln, previously controlled by Firsteel, part of the Lonrho group.

Robey, which employs 235, will strengthen Babcock's position in the market for small intion in the market for small industrial boilers, complementing the sales of its larger package boiler operation run by Babcock Power from Birmingbam. Robey will be called Babcock Robey.

CHICAGO

August 55.00 56.35 Oct 57.32 56.35 Dec 69.47 60.46 Feb 60.47 61.47 Aprils 61.00 61.50 June 62.00 63.00

LIVE CATTLE 40,000 lb. conts/lb

Close High 49.10 49.55 48.90 47,20 42.27 42,70 44.12 44.60 45.10 45.75 43.20 43.50 45.75 45.80 45.20 48.50

July 69.37 88.00 56
August 55.92 87.90 88
Feb 65.70 69.90 66
March 65.45 88.40 88
May 66.25 87.50 66
July 66.80 87.50 66
SOYABEANS 5,000 bu mincants/90-lb bushel

July 28.09 21.

July 28.09 21.

August 27.02 21.

8 spt 28.05 26.

9 Dec 25.95 25.4

March 25.18 25.2

May 26.15 25.1

July 24.75 24.9

August 2A.82

WHEAT 5,000 bu min, cents/60-lb bushel

High 572.4 572.4 574.0 580.4 581.0 601.4 510.0 613.0 609.0

Prev 576.6 577.5 582.0 589.0 611.0 617.0 620.0

## 000 lb. cants/lb

# Sulphur shortage forecast to worsen

BY OUR COMMODITIES STAFF

THE INTERNATIONAL sulphur industry is faced with a worsen-ing shortage of supplies, the like of which it has not seen since the immediate post-war

period, and the prospect of further steep price increases. These are the main conclu-sions of a report on the mineral prepared by the London-based consultancy Britieb Sulpbur Corporation and the Dallas-based oil analysts Purvin and

It forecasts that demand for sulphur will continue to exceed According to British Sulphur, the problem reaches back to the

the century, and that producer stocks --- which have cushioned the industry so far from the deficit — will be eliminated altogether by 1990.

Stocks are estimated to bave been reduced already from 20m tonnes to 10m since 1980. As a result, prices have been on a steadily rising trend — increasing by ahout 50 per cent since 1980,

July 16 + or Mont

production by an average of 3m late 1960s, when tightening tonnes a year until the end of environmental legislation in some industrialised countries stimulated a rise in production of sulphur as a by-product from the oil and gas industries.

This progressively drove traditional primary sulpbur pro-ducers ont of husiness and choked off investment in exploration for new sources. \* Sulphur towards 2000; \$11,000 from British Sulphur Corp., Parnell House, 25 Wilton Road, London SW1,

#### **U.S. MARKETS**

world market.
There is no reason why

COTTON LIVERPOOL—Spot and shipmen seles amounted to 40 tonnes, Scattered operations were directed towards Spenish Spowths.

OIL In thin trading Srent weakened 15-20c but the premium for early cargoss widened to 50-60c. Nymex opened ic down for August but traded 10c up at 1 pm EST. The petroleum products morket was generally quier sheed of next Mondey's Opec meeting and there were only small changes in price. Nearly fuel and gesoline were crable. Napths firmed on damend from refiners while gas/oil full due to good supplies—Petroleum Argue, London.

leavy fuel oil ...

GAS OIL FUTURES

91e.15 —0.80 S11.00-16.25 a1e.15 —0.76 216.61-76.50 211.25 —0.75 217.60-17.60 218.50 —1.00 — 22e.9e —0.60 — 820.75 —0.25 —

415 (332) lote of 100

\$ por tonne 5e.90 | 69.00 64.90 | 67.30 15.00 | 77.70 81.00 | 88.80

Aug..... 164,90 | 195,00 | 104,99 | Oct ..... 174,00 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 108,56 | 10

ROTTERDAM

PRECIOUS METALS were mixed with the uncertain direction of interest rates and a stable dollar limiting speculative interest, reports Heinold Commodities. Copper firmed as late, fresh trade buying emerged. Sugar steadied reflecting a lack of fundamentals developments. Cocoa moved higher reflecting arbitrage activity. Coffee continued weak on burdensome stocks in producing countries. Cotton lost ground in sympathy with the grain complex. Heating oil and soyabeans lost the gains of last week as moisture over the weekend was considered threatened deterioration of the crops. **NEW YORK** 

"C" 37,000 fb, cents/ib Prev 134.00 137.07 137.83 137.43 137.50 138.08 136.75 137.05 SILVER 5,000 troy oz, cents/troy oz Close High State S High 00.35 61.00 62.40 61.55 63.00 62.86 63.90 63.85

Close 60.35 60.45 00.86 62.05 62.40 63.05 63.60 64.10 64.60 65.30

OTHER MARKETS

**WOOL FUTURES** 

4.02

Close 672.1 614.3 616.0 630.5 634.8 643.0 651.7 681.2 671.3 686.5

SUGAR—(FFr per tonne): Aug 1162-1165. Oct 1130-1133. Oec 1130-1140, Mar 1133-1143, Mny 1151-1183. Aug 1210-1220. COCOA—(FFr per 100 kg): Jul 2120 sak. Sep 2014-2018, Dec 2000-2004,

July 306.6 310.6 205.5 Sept 312.0 315.2 310.5 Dec 319.6 323.0 318.0 March 318.0 322.2 317.2 May 306.0 311.0 305.4 July 27.4 295.4 297.2 SPOT PRICES—Chicago loose 15.00 (ssmal cente per pound. York tin 578.0-80.0 (579.0-81.0) per pound. Nendy end Harmson bullion 607.0 (605.5) cente per ounce. FREIGHT FUTURES Further bearish physical news of 1986 positions to ease but the values held up wall and attraction of the property of the prop July Oct. Jan. April July Oct. Jan. April-

# COFFEE PRICES continued

**LONDON MARKETS** 

their sharp decline on the London futures market yesterday. After opening weak, reflecting the limit-down movement in New York on Friday night, further losses were registered in the market as sterling strength-ened. The September delivery quotation slipped to £1,608 a tonne at one stage before rallying on the back of smaller-than-expected opening losses in New York to end the day £28 down at £1,643 a Dealers said the by talk of frost in the Brazilian coffee belt later in forecasts have given no indication of this possibility, however.
The cocoa market was also

weak with the futures position hitting the lowest level since mid-August last year.

LME prices supplied by Amalgamated Metal Trading **ALUMINIUM** 

|  | close p.n      | n.)                  |           |
|--|----------------|----------------------|-----------|
| Cash<br>3 months                                     | 124.5<br>746.7 | + 1.0<br>+ 1.75      | 1760:754  |
| Official<br>(724.5-5.6)<br>settlement<br>close: 749- | three mo       | n1hs 744-<br>5.5). F | IDEL KOLD |
| CODE   | CD             |                      |           |

Cash 1039-40 - 7 1056: 1054 Three minths 1047.5-8 |-5 | 1062: 1041 Official closing (am): Cash 1010-1 (1020-2), three months 1025-7 i 1035-8), settlement 1011 (1022). Turnover: 30,350 tonnes. U.S. producsr prices 55 00-69.00 conts per pound.

2athodes | 1010-S -8.0 | 1811|191| 2ash | 1098-30 -6.6 | 1829|1929 Official cicerns (sm): Cash 1036-5 (1049-50), three months 1045-5 (1055-5), settlement 1036-5 (1050). Frnsl Karb close: 1031-5. LEAD

Unofficial + er closelp.m.) — High:Low L per tonno Cash 984-6 -5,6 \$85-288 5 months 288,5 S -5.15 \$\$\$/289 Official closing (am): Cash 288-25 (289-5), three months 291.5-2 (293-5), sertloment 288.25 (289.5). Final Korb close: 288.5-9. Tumover: 3,700 tonnes. U.S. Spot: 18,00-21.00 centre pet pound.

Inolficial + or High/lov Liosetp.m.t — Lipertonne Officiale closing (am): Cesh 3575-8 (3615-201. three months 3636-a (3665-75), aertlement 3578 (3620). Finel Kerb close 3650-60. Tumover: 3,611 tonnes. ZINC

|   | Unoffiel<br>olose:p.n<br>E por | i.r —                               | High: low                         |
|---|--------------------------------|-------------------------------------|-----------------------------------|
| Cash<br>5 months  | 514 6<br>508-9                 | +1.5<br>+4.0                        | 0181499                           |
| Official<br>(518-8), th<br>settlement<br>509-18. T<br>Prime Was<br>cound. | 513 (511)<br>urnover. (        | in 504.15<br>. Final K<br>2.850 ton | (516.11)<br>orb close<br>nee. U.S |

MAIN PRICE CHANGES

July 16 + er Month 1985 - ago ..E1100 £1039.5 —7 £1127.5 Copra Phil £1047.75 —5 £7139.25 Soyabean £316.5 ;+0.25 £319.25 GRAINS £289.15 ;+5.25 £305.5 Berley Fut GRAINS
Berley Fut. Nov. |£100.65|+0,15£93.30
Maize
Wheat Fut Nov. |£100.55|+0,18£93.30
No. 8 Nard Wist. | 1

Nicka | 228/256g 4 | 259/262g | Palladium oz. | 093,75 | -0.86,899,85

Official closing (am): Cssh 9050-5 (9100-10), three months 9060-1 (9060-1), sertlemont 9055 (9110). Final Kerb closo; 9080-5. Turnovsr; 1,760 tonnes. Straits on M\$30.65 (30.62) kilp,

Official closing (am): Ceah 9050-(9105-15), three months 9060-5 (9065 70), septement 9055 (8116).

Gold rese \$4, rs \$3164-3164, in quiet London bullion trading. The metal opened et \$3164-3174, and was fixed at \$317.15 in the moming. It touched a peak of \$3174-318, but waskened in the sitemoon, on a weaker New York market, meinly influenced by currency fluctuations. Cold was lixed at \$315.65 in the attempoon, and fall to a low of \$315-31512.

GOLD AND PLATINUM COINS

Krg'rnd \$385\s, 383\sq (£238\sq. 256\sq. 187-167\sq. £120\c, 181\sq. 187-167\sq. £120\c, 181\sq. 185-85\sq. £24\sq. 95\sq. 18 \text{Krup. } \$364\sq. 585\sq. £24\sq. 95\sq. 180\sq. 236\sq. 180\sq. 18

Silver was fixed 6.25p an cunce ower for apot dalivery in the London bullion markst yesterday at 436,15p. L.S. cent aquivalents of the fixing evols were: apof 608c, up 4c; three-north 619.8c, up 4.8c; six-month KI.68c, up 4c; end 12-month 682.5c, up 4c; and 12-month 682.5c, up 4c; and 12-month 682.5c, up 4c; and 12-month 682.5c.

GRAINS

Opening E15 easier, fureree held these lavels through much of the day but lom greund towerd the close and snded at the lows. Producem were not willing to follow the markst lower and remained withdrawn but scele-down consumer offteks was noted, raports Call and Euflus. Sales: 3,400 (4,189) lots of 16 tonnge. ICCO Indicator prices (U.S. cents per pound). Only price for July 15: 99.02 (100.50); frundsy everage for July 18:

INDICES FINANCIAL TIMES July 18 July 11 M'th ago Year ago 268,39 269,66 | 278,26 999,66 (Base: July 1 1952 - 100) July 15 July 12 M'th ego Year agp 1680,2 1687,7 1778.8 1910,5

(Beset September 18 1931 = 100) DOW JONES

Jones 12 11 agp

dull, reports Lewis son Peal, Cosin prices (buyers): sont 65,00p (same) Aug B1.00p (same); 5apt 51,00p (same). The Kusle Lumpur fob pric for RR5 No 1 was 192.0 (same) cens a kg for SMR 20 was 181.5 (same).

110.05 only. Sales: 61 lote of 100 tonnes.

LONDON BRAINS—Whest: U.S. dark northern spring no 1 16 per cent Aug/
Sept 124.75. Oct 125.75. Nov 130 salers transhipment osst coest. U.S. no 2 soft red winter Aug 115. Sept 115. Oct 118.25. How 120.25 esillors. EC Juty 116 estat. English feed fob July 114.50 sallors ass; coest. Malze: U.S. no 3 yellow/French transhipment seat coast July/Aug 14f sellers. 8srtey: English feed tob hervest 96. Sept 98. Oct/Dec 102 sellers ess cosst. Rost unquored.

NGCA—Locations! os-lerm spot prices. Feed barley: Eastem 97.00.

E. Mids 95.10. The UK monetary coefficient for the week beginning Monday July 22 [based on HGCA calculations using four dsy's exchange retes) is expected to remein unchanged. LONDON DAILY PRICE—Raw sugar 84.65 (£81.00), down \$2.00 (down 1.50) a tonne for July-Aug-Sapt de-very. Whita sugnt £130.50, down 3.00.

Sales: 788 (1,043) lots of 50 tonnas.
Tarel and Lyle delivery price to granulated bars sugar was £183.00 (1764.00) e tonno for export.
International Bugar Agreement—(115.50) carries pay pound fob and stowed Caribbeen ports). Prices for July 12: deliy price 2.80 (1,75): 15-day everage 2.74 (2,73). SOYABEAN MEAL

July August Sept Dec Jan March May July Sept Jan

July
Augus
Sept
Dec
Jsn
March
May
July
Sept
Dec COTTON 50,000 Ib,

124.0 against 120.1 six months

ago. The D-mark was gaining

intervene wheo the dollar was fixed at DM 2.8790 in Frankfurt.

compared with DM 2,9023 oo Friday. There is little expectation of 9 cut in key interest rates at this week's Bundesbank

STERLING INDEX

### CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

**FINANCIAL FUTURES** 

### Economic fears haunt dollar

It was not all one way traffic for the dollar yesterday. At times the U.S. currency showed signs of improvement, but the general mood of the foreign exchanges continued to keep the dollar on the retreet. Concern over President Reagan's health was a slight factor, but it was mainly economic fears that pushed the dollar lower. Mr Paul Volcker, chairman of the Federai Reserve Board, gives testimony before Congress tomorrow, and there have been suggestions recently this could be accompanied by a cut in the U.S. discount rate. On Thursday a revised U.S. gross national product figure for the second quarter will be published, and is expected to be revised down from last month's flash estimate of 3.1 per cent growth.

of 3.1 per cent growth. Supporting the view about lower interest rates and a weaker economy; were the injection of \$25m liquidity into the New York banking system by the Fed, when Federal funds well trading at 72 per cent, and the fall of 0.4 per cent in May U.S. business inventories, after a revised rise of 0.2 per cent in April.

sleenk boyie

C430

. . . . = K = <u>@</u>

The dollar fell to its lowest since last August at DM 2.8770, compared with DM 2.89 Friday.

POUND SPOT-FORWARD AGAINST POUND

1.2780-1.2960 1.9567-1.9802 4.47<sup>1</sup>-4.91<sup>3</sup>-80.03-83.81

OTHER CURRENCIES

£ Argentina Austi.
Australia Dollar.
Australia Dollar.
Brazil Cruzelro.
Braz

27,90, 28,20 60,36,81,10 14,28,14,48 19,06,18,18 5,974,4,011<sub>2</sub> 2850,265 4,47,4,59 11,51,11,63 225,236 222,832 11,57,11,07 5,30,5,33 1,574,1,391<sub>2</sub> 370,380

managed to finish at the highest level against the dollar since June last year. It rose to \$1.3890-1.3890 from \$1.3855-1.3865. The cut of 1 per cent to 12 per cent io clearing bank base rates was, well discounted and had little and also declined to FFr 8.7475 from FFr 8.78; SwFr 2.3920 from SwFr 2.3995; and Y237.65 from On Bank of England figures the dollar's index fell to 1384 from 138.9.

STERLING — Trading range against the dollar in 1985 is 1.3885 to 1.8525. June everage 1.2813. Exchange rate index fall 0.2 is 83.2. It opened at 82.7, the lowest level of the day, and improved steadily to a peak of 83.4 at 1 pm, before losing a little ground after lunch.

Sterling was fairly quiet, and

Sterling was fairly quiet, and weaker on the day on its ex-change rate index for the most part. There was little movement overall however, but the pound

impact. Loodoo interest rates remain comfortably above those of main comfortably above those of most other major centres, and sterling was also supported by a rise of 1.3 per cent in UK June retail sales to a record level. The pound was unchanged at DM 4.00 and FFr 12.1450, but eased to SwFr 3.32 from SwFr 3.3250 and Y330.25 from Q33.50.

D-MARK --- Trading range against the dollar in 1985 is 3.4510 to 2.8770. June average 3.0639. Exchange rate index

EMS EUROPEAN CURRENCY UNIT RATES from central rate + 0.90 --0.48 + 0.41 --0.61 + 0.34 --1.07 + 9.93

±1.5471 ±1.6418 ±1.1476 ±1.3669 ±1.2771 ±1.6673 ±4.0410

£ IN NEW YORK

9.00 am 10.00 am 11.00 am

DOLLAR SPOT-FORWARD AGAINST DOLLAR 

CURRENCY MOVEMENTS CURRENCY RATES

Starling
U.S. S
Canadian S,
Austria Sch.
Beiglan Fr.
Oanish Kr.
Omish Kr.
Omish Kr.
Hrand Fr.
Hran
Norway Kr.
Span'h Pts.
Swadiah K.
Swiss Fr.
Greek Orich
Irieh Punt -5.7 +24.8 -6.0 +3.0 -10.7 -0.5 +7.8 +9.5 +5.0 -14.6 -18.0 : Morgan Guaranty changes; average 1980-1982-100, Bank of England Index (base average 1975-100).

712 0.736875 0.561594
712 1.02275 0.782864
9.45 1.02275 0.782864
9.45 1.02275 0.782864
1.05655
412 20.7710 10.8217
812 59.4077 49.2044
7 10.6491 8.10186
412 2.96306 9.26115
518 2.52627 2.52452
9.48 N/A
1514 1810.81 1458.07
0 944.534 188.593
5 8.37818 6.52201
170.117 198.603
170.117 198.603
2014 9.45538 1.87026
2014 182.242 101.334
1614 NIA 0.717895 \* CS/SOR tate for July 10: 1,37730.

The shortage was revised once

**EXCHANGE CROSS RATES** 

| Joly 15            | Pound String | U.S. Dollar | Deutscham k    |                |                |                | Dutch Gulk     | Italian Lira   | Canada Dollar  | Beigian Frano  |
|--------------------|--------------|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Pound Starting     | 0.780        | 1.389 *     | 42800<br>9,877 | 380,8<br>287,7 | 12.10<br>8,748 | 2,320<br>2,392 | 4.805<br>3.244 | 2090.<br>1865, | 1,873<br>1,449 | 80.60<br>57,85 |
| Doutschemark       | 5.038        | 0.347       | 19.11          | 88.56          | .3,036         | 0.830          | 1 120          | 647.4          | 0,458          | 20.15          |
| Japanese You 1,000 | 5.038        | 4.204       |                | 1000,          | 55,78          | 10.06          | 18,63          | 7841           | 0.870          | 843,8          |
| French Franc 10    | 0.623        | 1.143       | 3,294          | 871.8          | 10.            | 2.754          | 3.707          | 2132.          | 1,542          | 66,28          |
| Swiss Franc        | 0.301        | 0.418       | 1,805          | 99.47          | 3,068          | 1.             | 1,556          | 780,0          | 0,564          | 94,25          |
| Dutch Guilder      | 0,829        | 0.508       | 0,888          | 73,36          | 2,097          | 0.737          | 1.759          | 575.1          | 0.415          | 17.88          |
| Italian Lira 1000  | 0,580        | 0.536       | 1,545          | 127,0          | 4,690          | 1,282          |                | 1000           | 0.725          | 31,09          |
| Canadian Dollar    | 0,534        | 0,749       | 2.150          | 170.4          | 6,486          | 1,775          | 9,405          | 1383           | 8,526          | 42,99          |
| Baigian Franc 100  | 1,248        | 1,786       | 4.969          | 410.8          | 15,09          | 4,184          | 0.593          | 5817           |                | 100,           |

EURO-CURRENCY INTEREST RATES (Market closing rates)

| • |  |                                     | ·   |                                    |   |   |  |  |  |  |  |  |   |
|---|--|-------------------------------------|---|------------------------------------|---|---|--|--|--|--|--|--|---|
|   | July 15  | Sterling                            | U.S.<br>Dollar  | Canadian<br>Dollar                 | Dutch<br>Gulider                                    | Swiss<br>Franc  | D-mark                                     | French<br>Frano  | italian<br>Lira  | Conv.  | Franc<br>Fin.  | Yan  | Danish<br>Krone   |
| _ | Short-torm 7 days' notice Month 7 days' notice Month 7 days' notice 8 days' notice 7 days' notic | 19 % 12 %<br>11 % 10 %<br>11 % 11 % | 74-74<br>71-71-<br>71-71-<br>71-71-<br>18-19<br>66 84 | 834-9<br>834-9<br>94-938<br>94-938 | 51g-63g<br>61g-63g<br>61g-63g<br>61g-63g<br>61g-63g | 1 %-15q<br>1 %-16q<br>47q-5<br>5 -5 %<br>5 %-5 %<br>5-5 % | 54-54<br>54-54<br>54-54<br>04-54<br>513-54 | 934-978<br>034-978<br>949-1046<br>1044-1046<br>1049-1042<br>11-114 | 1134-1854<br>1914-1314<br>1978 1358<br>1358-1354<br>14-1458<br>1438-1978 | 814-834<br>014 834<br>654 678<br>834 9<br>876-918<br>914-918 | 814 Brg<br>812 834<br>839 Brg<br>814 818<br>8 914<br>Brt 914 | 01e-616<br>616-616<br>616-616<br>616-618<br>014-618<br>014-516 | Btg-95g<br>B1g-95g<br>B1g-95g<br>B1g-954<br>94g-95g<br>94g-10 |

Asien \$ (closing rates in Singapom): Short-term 74-72 per cent; seven days 74-75 per cent; one month 74-77 per cent; three months 74-8 get cent; else months 74-8- per cent; one year 84-84 per cent; Long-term Eurodolians; two years 94-94 per cent; three years 94-10 per cent; flow years 104-104 per cent; five years 104-104 per cent; flow years 104-104 per cent; fl

Parie

974

1212-1958

1214 1214 1814

1B-1Bre

#### MONEY MARKETS

### Little reaction to base rate cut

LONDON MONEY RATES

194-1312

Overnight
2 days notice =
7 days notice =
7 days notice =
One month =
Three month =
Six menths =
Nine months =
Nine months =
One verr

banks brought forward balances fiftom a weaker start. A cut to 12 per cent in UK clearing bank base rates had already been well discounted and the announcement had little impact. However the longer end of the market appeared to show some appetite for a further reduction although the authorities and their attitude towards accommodating short-term liquidity needs tended to suggest a more cautious approach. Three-month July 10 Frankfurt |

UK clearing banks base lending rate 12 per cent since July 11-16

interbank money eased to 11j-12 per ceot from 11it-12; per ceot while three-month eligible bank bills were bid at 11j per cent, unchanged from Friday. Overnight interbank money traded between 124 per cent and 134 per cent. The Bank of England forecast a shortage of around £750m with

a shortage of around 2.730m with factors affecting the market including meturing assistance and a take-up of Treasury bills together draining £810m. There was also the uowinding of £221m of bills through previous sale and repurchase agreements and

FT LONDON INTERBANK FIXING

(11,00 a.m. July 15) 3 months Li.S. deliars 6 moaths U.S. dollars The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for SiOm queed by the merket to five reference benks at 11 a.m. such working day. The banks are hational Westminster Bank. Back of Tokyo. Oestsche Beak, Banque Nctionale de Paris and Morgan Gueranty Trust, 7.7-7.8 7%-7% 7.7-7.8 7%-7% 7.9-8 7 7%-7% 7.9-8 1 7.9-8 0 7% 0% 15-8.25 9.5-8 8-789 8-8-9-18 8-9-18 9-9-14 84F.64

18/6 184 12/<sub>3</sub> 11/4

ECGO Fised Finance IV: Average Rate of Imarest period Juna 5 to July 2 (inclusive): 12.535 per cent. Local authority and linance houses seven days' notice, other seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13 per cent from July 1 1985. London and Scottish Cleating Sent. Rates for lending 12 per cent. Bank Deposit Rates for suma at seven days' notice 9,25-6,625 per cent (net). Tissaury Bills: Average tender rate of discount 17-497 per cent. Cartificate of Tes Deposite (Bailes B): Genosite 170,000 and over held under one month 124 per cent; one-three months 12 per cent; stree-six months 114 per cent. Under 10,000 11 per cent from July 15. Osposite hald under 5 aries 5 112 per cent. The rate for all deposite withdrawn for cash 8 per cent.

MONEY RATES

113-114

Zurich ; Amst'dam! Tokyo | Milan | Brussels | Oublin

0.34370

11g

11点

6.53875 | 1411-1478 | 5.28195 | 1334 1414 |

Discount Houses Deposit and Bill Rates

11& 11& 11& 11&

NEW YORK (Lunchtime) Prirea rata . Breker loan rate ..... Fed lunde ...... 725 One month . Two month . Three month

Treasury Bonds Two year ... Three year

# Firmer trend

sbort-term liquidity levels prompted renewed demand in the afternoon. Consequently values finished towards their

best levels of the day. Moch oow depends on Wednesday's testimooy given by Mr Peul Volcker, chairman of the Federal Reserve Board.

Gilts and three-mooth sterling

deposits were firmer, helped by the pouod'o cootinued strength. News of a half-poiot reduction in base rates had already been discounted. Buylog momentum in the gifts sector appeared to

in the guis sector appeared to be little affected by exhaustion of the Government tap and instead of the more usual bout of profit-taking values were bid firmer, squeezing out a few short positions on the way.

CHICAGO

U.S. TREASURY BONDS (GBT) B'A \$100,000 32nds of 100";

The D-mark was gaining ground against the dollar at the Frankfurt close, but finished tower on the day. The dollar rose to DM 2.88 from DM 2.8310, after trading within a range of DM 2.8650 to DM 2.90, in nervous conditions ahead of Thursday's U.S. GNP announcement. The Bundesbank file out intervene when the dollar was Prices were mostly firmer in the Loodoo International Finan-cial Futures Exchange yesterday. Sterling-based instruments were belped by the pound's strong performance, while Euro-dollars and U.S. bonds responded to hopes of further cuts in U.S. interest rates. Trading was split into two fairly distinct phases. After 9 quiet morning values were pushed up in the afternoon on renewed buying from the U.S. U.S. boads and Euro-dollars were checked initially as the market directed the minutes of May's FOMC meeting which showed no real chaoge in the Fed's posture. However, a lower Federal funds rate and the sutherlifes' accomplative

suthorities' accommodative stance towards maintaining

THREE-MONTH EUROCOLLAR Sim points of 100:. THREE-MONTH STERLING 9ept 88.58 88.53 88.48 88.50
Dac 89.27 89.30 89.42 89.38
June 89.40 89.42 89.38 89.39
Sept 89.39 59.45
Entimated volume 1,613 (1,730)
Previous day's open int 6,230 (8,234)

Close High Low Prev Sept 0.4190 0.4201 0.4181 0.4185 Estimated volume 11 (5) Previous day's open int 182 (182) JAPANESE YEN Y12.5m \$ per Y100 "

Glose High Low Prev Sept 0.3483 0.3494 0.3470 0.3479 Dec 0.3511 — 0.3507 Estimatud volume 85 (258) Previous day's epsn int 434 (453) Sept Close High Low Prev Dec Sept 0.4203 0.4205 0.4397 0.4160 March June Previous day's open int 465 (466) Sept 124.80 124.85 123.70 123.80 Dec 125.80 - 24.85 123.70 123.80 Patimarket volume 112 (274) Previous day's open int 1.483 (1,524) 74-22 74-22 The Royal Bank of Scotland

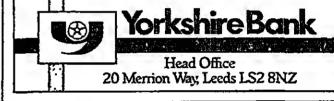
**Base Rate** 

The Royal Bank of Scotland plc announces that with effect from close of business on 16 July 1985 its Base Rate for lending is being decreased from  $12\frac{1}{2}$  per cent per annum to 12 per cent per annum

### YORKSHIRE BANK Base Rate

Yorkshire Bank announces that with effect from close of business on

MONDAY JULY 15, 1985 Base Rate will be reduced from  $12\frac{1}{2}\%$  to 12%



|          |                       | 此 O       | PTIO     | NS RE    | PORT                               |           |                |
|----------|-----------------------|-----------|----------|----------|------------------------------------|-----------|----------------|
| Quiet    | Currency<br>trading c | onditions |          | Sready   | er Future-<br>volume<br>conditions | treded li | 100%<br>1 firm |
|          |                       | Previou   | s day's  |          |                                    |           | s day's        |
| Est volu | 11778                 | OGSN      | Interest | Est volu | mo                                 | nago      | interest       |
| Calls    | Pute                  | Cella     | ۲        | Calls    | Puts                               | Calle     | Puta           |
| 168      | 171                   | 7272      | 3608     | B1       | 145                                | 404       | 496            |

# WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchango for the pound against various currencies on July 15, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market have been calculated from those of foreign currencies to which Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

| COUNTRY  | GURRENCY      | E STERLING              | COUNTRY                                   | CURRENCY                 | VALUE OF<br>£ STERLING              | COUNTRY   | GURRENCY                    | VALUE OF<br>E STERLING |
|--|---------------|-------------------------|---|--------------------------|-------------------------------------|---|-----------------------------|------------------------|
| Afghanistan, Afgi<br>Albania Ch.<br>Albania Oins   | hani          | 99.00                   | Greentand                                 | Oanish Kronar            | 14.3860                             | Peru  | Bol                         | exel A)16,437.8        |
| Albania Lek  |               | 10.1563<br>7.01         | Orenada                                   | E. Caribbean 5           | 5.70<br>1B.1450                     | Philippines                                     | Philippine Peso             | 24.95                  |
| AIBANA   | anch Franc    | 12,1450                 | Guadaloupe                                | LOCAL FRANC              | 1.5685                              | Pitcairn leiands                                | New Zealand S               | 2,8320                 |
| Anderra.   | anish Feeta.  | 899.60                  | Guarda                                    | Quetzal                  | 1.5885<br>1.5885                    |   |                             |                        |
| Angole Kwa<br>Anugus E. C  | UIZA.         | 40.8940<br>3.78         | Guinea                                    | Syli                     | 33.76                               | Poland  | Zioty                       | 205,91                 |
|  |               |                         | Guinea-Bissau<br>Guyana                   | Peso                     | 205.1e<br>0,7900                    | Portugal.                                       | PortuguessEscudo            | B55.0                  |
| Argentins Aust   |               | 1.1197(15)              |   |                          |                                     | Puerto Rico                                     | U.S. 6                      | 1,3685                 |
| Australia Aust   | tralian P     | 1.9710<br>9B.0050       | Heltl                                     | Gourde                   | 0.90                                | Qatar   | Ontari Busi                 | 5.03BO                 |
| AUSTRIES   | was se Escudo | B35.0                   | Honduras                                  | Lempira                  | 2.79                                |   |                             |                        |
| Bahamas Ba   | Oollar        | 1.3880                  |   |                          |                                     | Rounion Island                                  | Franch Fronc                | 19,1450<br>JICm) 5,981 |
| Bahrain Oina   | r             | 0.0B10<br>229.50        | Нипвалу                                   | Forint                   | 68,97                               | Romania   | t au                        | [(NiG) 15,72           |
| Baleario Islas Spc<br>Banoladesh Taki  | Peşeya.<br>A  | 3B.29·                  | losland                                   | I. Krona                 | 55,5650                             |   |                             |                        |
| Barbados Bart  |               |                         | India                                     | Ind. Rupeo               | 10.70<br>1,554.05                   | Rwanda  |                             | 133.97                 |
| Selajum 8. Fr  | raino         | (om) 80.50              | Indonesia                                 | Rupiah                   | 1,554.05                            | St. Ghristophor                                 | E. Caribbean \$             | 3.76                   |
| Benin B 5<br>Benin Bda   |               | Ifmi B1.020             | Iran                                      | Rial                     | 194.75(a.g.)                        | St. Halsna                                      | Bt Helena £                 | 1.0                    |
| Benin C.F.   | A. Franc      | 9.79<br>807.25          | Iraq                                      | Irani Dinar              | 0,4520                              | St. Lucia                                       | Local Franc                 | 3.7e<br>12.1450        |
| Bermuda Bda  | 5             | 1.3885                  | Iraq                                      | irish £                  | 1.2752                              | 8t Vincent                                      | E Caribbean 8               | 3.75                   |
| DILL PARTY AND DESCRIPTION AND | 100 0111      | 15,70                   | I ISTABIlima proper was a war-            | Speket                   | 2,003.0                             | . samoe Amarican                                | U.S. 5                      | 3.75<br>1.3865         |
| Bolivia Bolin  | vian Peec     | (u)59,B06.5\$           | tyory Coast                               | C.F.A. Franc             | 2,586.0<br>607.90                   | San Marino                                      | Italian Lira                | 2,0B9.0                |
| Puls   |               | 9, 5790                 |   |                          |                                     | Sao Tome & Prin                                 |                             | 51.88                  |
| Brazil. Crus<br>Brit. Virgin lales. U.S.   | zeiro!:       | 8,604.0                 | Jamaien<br>Jepan<br>Jordan                | Jamaica Dollar           | 7.95 (s.g.)<br>530.25               | Saudi Arabia<br>Senegal                         | Saudi Ryal                  | 5,0597                 |
| Brit. Virgin lales U.B.  | •             | 1,3665                  | Japan                                     | Yen                      | 530,25<br>0,0590t                   | Senegal   | G.F.A. Franc                | 607.25                 |
| Brunel Brun  | nei 🖟         | 3.0660                  | Jorgan                                    | Jordanian Dinar          | 0.03801                             | Seirre Leone                                    |                             | 8.71<br>(0) 7.60       |
| Brunel Brun<br>Bulgaria Lev<br>Burkino Faso C.F.   | A. Franc      | 1.5186<br>607.80        | Kampuchea                                 | Riel                     | N/A                                 | Singapora<br>Selomon Islands<br>Somali Republio | Singapora 5                 | 5.0660                 |
| Burma Kyel   | t             | 10,9900                 | Nanya                                     | Nanya Shilling           | 22.48                               | Selomon lelands                                 | Solomon 1s. 8               | B.0970                 |
| Burma Kyer<br>Burma Burndi Burn  | undi Franc    | 109.05                  | Kiribati                                  | Australian \$            | 1.6715<br>1.51                      | Somali Republio                                 | Somali Shiling              | 00.97                  |
|  |               |                         | Norea (Sth)                               | Won                      | 1,613,98                            |   |                             | 2.0510<br>228,50       |
| Cameroon   | A. Franc      | 507.95                  | Norez rSth}                               | Kuwaiti Oinar            | 0.4155                              | Spain<br>Spanish ports in<br>North Africa       | r bed to                    |                        |
| Canary Islands Bog   | nish Peseta   | 1,8725<br>828.50        |   | Name Plan                | 48,74                               | North Africa                                    | Peseta                      | <b>629.50</b>          |
| Cape Varde ts Cap  | e V. Escudo   | 194,31                  | Laos                                      | Lebanosa £               | 21.87                               | Sri Lanka<br>Budan Republic                     | B. L. Rupee                 | 57.85<br>3.48          |
| Cayman falands Cay.<br>Cent. Air. Republic C.F.  | . fs. 6       | 1,1065                  |   |                          | B.0510                              | Burinam   | S. Guildar                  | 2.4850                 |
| Ched CF  | A. Franc      | 607.95<br>507.95        | Liberia                                   | Libertan B               | 1.3885<br>0.4180                    | Burinam<br>Swazilend                            | Lilangeni                   | 2.5510                 |
| Chad C.F.  | aan Peso      | 507.25<br>215.75        | Libya                                     | Libyan Dinar             | 3,32                                | Sweds n<br>Switzarland                          | S. Nrona                    | 11,5900<br>3,39        |
| Ghing  | minbl Yuan    | 5.9637                  | Luxambouro                                | Lux Franc                | 80.50                               | Syria   | Swiga Prano                 | 1(A) (T) 9.0           |
| Colombia Col.  | Pero          | (F)194,11<br>607.95     |   |                          |                                     |   | 0,1.42.1.                   | (CM) 5.47              |
| Ghing  | A. Franc      | 507.25                  | Macao                                     | Pataca                   | 11,23<br>253,0                      | Talwan  | New Teluce 5                | 55,70                  |
| Costa Rica Cole  |               | 101 70,46               | Malagasy Republic                         | Portugise Escudo         | 60B.0                               | Tanzania  | Tan Chilling .              | B3,57                  |
| Cuba Cub   | SO PERO       | 1.9865                  | Malawi                                    | Kwacha                   | 2.3330                              | Thailand  | Baht                        | 37.04                  |
| Cyprus Cyo   | IUS E         | 0.000                   | Malaysia                                  | Ringgit                  | 3,4630                              | TODO REGULLIC                                   | C.E.A. Erane                | e07.2e                 |
|  |               | (com B.50               | Maidive Islands<br>Mail Republio<br>Maita | Rufivaa                  | 9.82                                | Trinidad  | Palonga<br>Tripided & Tab B | 1.9715<br>3.50         |
| Czechoslovakia Non   | una           | 7 n/c 14.81<br>(13.74   | Mali Republio                             | C.F.A. Franc             | 507.95                              |   |                             | 1,1000 (sg             |
| Denmark Dan  | ish Kroner    | 14,3850                 | Maita                                     | Maltess ±                | 0, 6325<br>1B, 1450                 | Turkey<br>Turks & Caicos<br>Tuvaiu              | Turkish Lira                | 727.43                 |
| D 11 DOUT 1 U 11 DOUT U  | OUT FIRE      | 240.0                   | Martinique                                | Cuculve                  | 93,52                               | Turks & Calcos                                  | U.B. 6                      | 1.5865                 |
| Pominica E. C  | aribbean #    | 5.76                    | Mauritius                                 | M. Rupes                 | 20.92                               | TUVBUU  | Australian Ş                | 1.9710                 |
| Dominican Repub. Com   | ninican Peso  | ((0) 1,3885             | Mexico                                    |                          | I(F)470.00                          | Uganda ,  | Manda Shilling              | 762.0                  |
|  |               | 4.16                    |   |                          | i G: 317.80                         | - Balleta                                       | -aming                      | 102,0                  |
| Ecuador Suci   | 6             | (0) 03.29<br>(F) 154.89 | Miquelon                                  | Local Franc              | 19,1450<br>19,1450                  | United States                                   | U.S. Dollar                 | 1,58B5                 |
| Egypt Egy  | A neith       | 1.1495 141              | Mongolia                                  | Turarik                  | 4.67                                | Uruguay<br>Utd, Arab Emirates                   | Uruguay Peso                | 133.45                 |
| C416 F C41   | P D COLO      | 1.6630 (8)              | Montserret                                | E. Caribbean S           | 4.67<br>3.76                        | U,S.S.R   | U.A.E. UITHAM               | 5,0900                 |
| El Ssivador Colo   | n             | 110) B.47<br>1(F) 5.62  | Morogoo<br>Mozambique                     | Oirham                   | 13,60 (sg)<br>(A) 60,57             | V. 3.3./L                                       | KOUDIE                      | 1,1068                 |
| Equatorial Guines. Eku   |               | (P) 5.62<br>607.25      | Mozambique                                | Metical                  | (A) 60.57                           | Vanuetu   | Vatu                        | 149.15                 |
| Ethiopia Ethi  | pian Sirr     | 9,8600                  | Namibia                                   | S.A. Rand                | 2.6510                              | Vatican   | Italian Lira                | 2 589 D                |
| Ethiopia Ethiopia Ethiopia Ethiopia Ethiopia Ethiopia Ethiopia Ethiopia Ethiopia   | Cand Is. £    | 1.0                     | Nauru<br>Kapai<br>Natherlande             | Australian Dollar        | 1.9715                              |   |                             | t (4) D.99             |
| Farce Islands Dan  | ish Kroner    | 14.5850                 | Natharlanda                               | Cuilder Kupes            | 80.48<br>4.0020                     | Von-ežuola                                      | BOLIVEL                     | (6) 10,44<br>(6) 18,73 |
| Fiji Islands Fiji<br>Finland Mar   | · ke          | 1,0909<br>B.5B15        | Ketherland Antilles                       | Antillian Guilder        | 9,51                                |   |                             | / (d. 10.12            |
| Lillian Assess wassers with  | FLIGHT        | P.3P13                  | New Zealand                               | N.Z. Dollar              | 9.B595                              | Vietnam   | Dong                        | (0) 150,75             |
| France Fra   | nch Franc     | 1B.1450                 | Nicaragua                                 | Cordoba                  | (O:3B.88                            | Virgin Island U.B                               | U.S. Dollar                 | 1,3985                 |
| France France France France C'ty in Af., C.F.  | A. Franc      | 507_95                  | Nigar Republic                            | . G.F.A. Franc           | 507,25<br>1,171194(sg)              | Wastern Server                                  |                             | AN T O                 |
| Franch Gulana Loc  | al Franc      | 1B.1450                 | Nigeria                                   | Naira<br>Norwegian Krono | 11,0100                             | Western Samoa                                   | aumoan Taia                 | (A) 3,0175             |
| Franch Pacific Is C.F.<br>Gabon  | A. France     | 210,0<br>607,85         | Oman Rul'ate of                           | Rial Omani               | 0,4770                              | Yeman (Nth)                                     | Rval                        | 9.64                   |
| Gambia Oak   | 861           | 5.00                    | Pakietan                                  | Pakistan Rupes           | 22.03                               | Yeman (Sth)                                     | S.Yamon Oinar               | 0.4775                 |
| Germany (East) Ost   | mark          | 4,00                    | Panama                                    | Balboa                   | 1,3885                              | Yugoslavia                                      | Now Y Oinar                 | 382,1213               |
| Gambia Oak<br>Germany (East) Ost<br>Oarmany (West) Dou   | rtscha Mark   | 4.00                    | Papue N. Guinea                           | . Kina                   | 1.57551                             |   |                             |                        |
| Ghene Ced<br>Gibraltar Gib   | H             | 12.1060                 |   | Current                  | 555.34·10·<br>790.75.7 <sub>1</sub> | Zaira Republic                                  | V                           | 99,7956                |
| Gibraltar Gib  | rutar £       | 1.0<br>179.25           | Paragusy                                  | GUAFANI                  | 450 40 10                           | ZambiaZimbabwe                                  | nwacna<br>Zimbabwo ≒        | 3,08<br>2,1000         |
| Graece Ora   | Curila        | 119.53                  |   |                          | . 455'49 (70)                       |   |                             | E-1440                 |

† Rate is the transfer market (controlled). 1: Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as loodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate for luxury imports, remitteness of money shroad and lorigin travel. (7) Parafit rate. (8) Rate for remitteness of lorigin currency by Egyptians working abroad and rourists. (9) Sanknoto miss. (10) Rate for exports, (12) Rate for imports. (13) Essential Imports. (14) Nestly all business transactions, (15) Argentins: June 15, new currency introduced: 1 sustail=1,000 old pages, † Correction (July B):—Papus New Guinds, 1,3478.

Financial Times Tuesday July 16 1985



| Financial Times Tuesday July 16 1985   |  | 35   |
|--|--|--|
| INDUSTRIALS - Continued   LEISURE - Continued   1985   + or   Div   Vial    | PROPERTY—Continued   INVESTMENT   1985   198 |  |
| 1077   22   Marting and 109   28   41   193.0 5 5   22   10.3   296   229   First Letters 61   296   14   16.5   2.8   32   13.7   13.6   Marchalf 1 tobers 81   4   5.5   6.4   6   5   6   6   6   6   6   6   7   7   | 295 223 Name Projects Sp. 288 -10 9(2.5 4.6 9.9 42) 363 Drayma Premier 3100 779 lier far Pays 32.01 256 -10 10 2.6 25.3 60 79 -11 13 85 identify invest 1 105 10 10 10 10 10 10 10 10 10 10 10 10 10   | 372   -6   -2   12.75   13   45   3.0   13   |
| 170   126   Sectial General   238   60   67   68   632   75   68   68   68   68   68   68   68   6   | 331   255   Land Securities (1   267   7   8.15   14   44   271   34   27   28   14   44   271   34   27   28   28   34   27   28   28   34   32   29   34   32   29   34   32   29   34   32   29   34   32   30   32   32   32   32   32   32  | 97 #60.45 1.3 0.7 194 118 Newmark 5 ts.   128  |
| 10   | 135   272   20- 99c Cov *94-591   15122   20- 99c Cov *94-591   10- 99c Co   | 102  |
| AT 50 No-Swift 50 51 30.16 8.4 19.8 232 183 Perstream 59 220 Mel 3.7 1.0 13.0 146 13.4 200 13.0 13.0 13.0 13.0 13.0 13.0 13.0 13   | 25   | 128  |
| 105 105 Perf Gro 10s   | 32 25-Parkinski Hálys. 109. 29 1.0 \$ 5.0 \$ 590 112 Framea American   | 465 +5 5.25 1.2 16 170 120 WSndge 6d 127 +5 179 652-ylus Am Gold R1 5644-+2 Qila25d 10 6.3 25 +1 0.71 0.51 30 25 Smt. Bertel No 327 +2 175 14 7.6 13 4 176 13 4 173 10 4 1 573 473 Smt. Petroleon 525 +2 175 14 7.6 13 4 175 12 17        |
| 150   2073   Percent   151   2074   2143   2174   2144   2154   2175     | 132   118   Prop. Sec. Im 500   119   72.25   2.2   27   1010   134   105   Flemmo Decrees Tst.  | 185 st +1 275 \$ 0 37 15 8 68 st 225 28  |
| 20   | 156   143   Sammeri Props.   157   41   15.5   12   5.0   22.6   121   96   GSC Capital   537   532° Sammerick Highting IVV   595   505.100   12 9   31.0   37   28   10.0 Warrant's   199   70   505.100   12 9   31.0   13   22.4   128   107   GT Global Rec fi   170   1   | TRUSTS—Cont.    Prior   February   185   |
| 575 570 Fortisk 545 -10 18.5; 26 4.0 11.1 525; 246 Gen Met Initia. 248 -2 01.2c - 3.0   -1.2   275 -8 14.0 1.3 7.6 14.1 525; 248 Gen Met Initia. 248 -2 01.2c - 3.0   -1.2   275 -8 14.0 1.3 7.6 14.1 525; 248 Gen Met Initia. 248 -2 01.2c - 3.0   -1.2   275   -1.2   1.5   -2.2   1.5   7.8   1.2   1.5   3.0   246   -2.2   3.0   -2.4   -2.2   3.0   -2.4   -2.2   3.0   -2.4   -2.2   3.0   -2.4   -2.2   3.0   -2.4   -2.2   3.0   -2.4   -2.2   3.0   -2.4   -2.2   3.0   -2.4   -2.2   3.0   -2.4   -2.2   3.0   -2.4   -2.2   3.0   -2.4   -2.2   3.0   -2.4   -2.2   3.0  | Clin   Clot   Do   12   Section 2009   Clot   Clo   | 113 1.9 1.0 2.4 110 50 17 Corry Pri Nat Res. 50  |
| 55   59   \$40   50   50   50   50   50   50   50  | 80 34 Stockley 66 42 — — 265 23 Gross forestore.  190 115 Fres Estates 100 180 43 0.35 1.4 0.3 — 163 137 Hambres.  200 135 Foo. Typ. Can. 2014 193 (77-b- 19- 31 25 00. Warrants 14 50 From Centre 40 (100.89 1.3 32 29.6 254 227 Held (Philip) 14 150 From Centre 19 19 19 19 19 19 19 19 19 19 19 19 19  | 243 43 1.8 27 1.07 17 Energy Capital 121-p. 66 +2  |
| 120   110   Restoro   134   62   134   62   63   64   65   65   65   65   65   65   65   | 173  | 202 -2 03125*1 10 4.7 75 32 Whether Energy 10t. 32   |
| 133 20 Reck 10p 133 27 133 17 62 133 2 55 34 Reckstore 40 133 17 62 133 2 55 34 Reckstore 40 133 17 62 133 2 155 94 Reckstore 40 40 22 6.1 9.8 340 266 Luczs inds, 61 291 +3 8.6 2.9 4.2 9.0 190 129 Report 43 45 +1 6.2 2.4 6.2 9.4 39 30 Supra Group 10p 37 18.6 9 7.9 -1 190 129 De, W 143 45 2.4 6.2 9.4 46 21 Moodinat Cut 35 +1 0.130.6 0.4 6.1 150 90 De, 11.9 pcCtrP61 95 8 131  | 94 22 Windowski Frop Int. 307 401.75 24 36 22.3 138 127 128 6. Louden Im 125 105 HWingase Prop Int. 105 171.6 23 324 191 163 (aw Decretive 165 165 165 165 165 165 165 165 165 165   | 131 -2 b2.32 1.1 23 26 3.4 (15 5) 4 Periodicin Pri (18 29 1 20   |
| 98 85 Recent (A) 109 94ml 133 • 2.1 • 26 192 Returns 6 Chiben 248 • 2 16.87 3.7 • 4.1 10.2 27 - 28.2 94 192 Returns 6 Chiben 248 • 2 16.87 3.7 • 4.1 10.2 193 193 Errors 59 27 - 28.2 94 194 Returns 6 Chiben 248 • 2 16.87 3.7 • 4.1 10.2 193 193 Errors 59 286 194 194 195 195 195 195 195 195 195 195 195 195   | 514- 110 Gotos-Larson 51 5105-114 122 273 275 Linetant ity   | 721 275 1.1 5.5 95 70 Indi. Attanta Res 78 38 25 19 Its on Mining SA0.20 25  |
| 70 60 Scot Berkibbe 69 25 3.4 52 7.0 92 58 Gues (F.G.) 68 3.0 \$ 5.5 \$ 0 254 218 Societar Group 218 -2 1.59 5.8 1.0 23.6 57 45 Glaeffeld Lewrence 53 41.0 - 2.7 - 2.8 218 De. W.H-V 218 -2 1.59 5.8 1.0 23.6 65 49 Particular Group 218 -2 1.59 5.8 1.0 23.6 65 49 Particular Group 218 -2 1.59 5.8 1.0 23.6 65 49 Particular Group 218 -2 1.59 5.8 1.0 23.6 65 49 Particular Group 218 Security Services 228 -2 2.98 3.3 2.0 2.1 1.7 74 60 Persent Group 218 1.7 1.1 1.0 9.2 (10.5)  | 95 35 Million Dock £1 76 +6 27 23 Do. Warranks 198 125 Ocean 7 rangont 157 +3 5.5 2.7 5.0 8.3 58 86 147 140, 20 5.6 10.5 217 151 Milkelium inv 186 113 304 P. & Oleh £2 360 +7 140, 20 5.6 10.5 217 154 Mind Wynd Ins, TSL 186 125 217 155 Mind Wynd Ins, TSL 186   | 25   |
| 82 58   Shelion Joses   70   -3   4.55   3.3   8.9   10.5   322   359   Les Service   349   144   154   10.0   9.8   4.9   80   35   Shelion   5   5   6.7   2.0   5.2   4.3   10.0   83   Lockers   145   155   6.9   5.7   185   135   Shelion   5   6.9   5.7   185   135   Shelion   5   6.9   5.7   185   135 | SHOES AND LEATHER  255 197 Fil Group   | 180   14.4   1.0   5.7   185   135   1940one 0l 450.2   145   1.0        |
| 50 25 Solid, L3st 201 30 50 50 50 50 50 50 50 50 50 50 50 50 50  | 153 118 Strong & Fisher 134 4.0 5.3 9.2 4.8 101 76 New Aus. Int. Tst. 50p. 206 142 Stylin 189 4.5 13 3.7 22.0 76 53 New Court 50p. 207 142 Stylin 189 4.5 13 3.7 22.0 76 53 New York Out Tst. 207 20.0 10 New York Out Tst. 207 20.0 New York Out Tst. 207 2 | 78   |
| 25 1.55 Speng Helps 50   | 150   115   Gold Fist, P. Pr.   128   11.5   2.9   7.4   4.6   325   252   11.6   11.0   11   | 255 -1 3.2 1.1 1.8 25 14 WPatter full 15 30 16 VSparpes End*1  |
| 12.6   | 250   250   195   100   250   100   250   100   250   100   250   100   250   100   250   100   250   100   250   100   250    | 600 −10 (770c) − 41 160 112 FPrict Pct. Cl   |
| 202   205   Visite Pic A 86c   232   42   0.26c   5.6   108   86   Aston Int. 100   88     0.8   27   1.3   29.3   25   1.3   Systemsor Bidgs   1.3     0.1   1.1              | 95 80-38achman A 109 86 573 1.3 95 11.3 157 125 1000 to the control of the con    | 214 72 10 0.8 66 95 Da. 7pcPt 21 106 - 650 850 Hongtong 650 850  |
| 10   10   10   10   10   10   10   10  | 1996   1997   10. Incide 12-87   1998   112   96 St. Andrew 14.  | 99   |
| 127 105 Tope 115 25 Training H. 200 115 244 42 11.15 2.4 4.0 12.2 50 42 Exately Friet 10s 43 -1 01.17 2.6 4.0 11.2 50 12.5 12.5 12.5 12.5 12.5 12.5 12.5 12.5  | 105 09 Gastell Brown 20p 100 5.0   | 76 +22   1.871 L0   315   72   30   WWarter Restanta. 40   -1   -1   -1   120   70   (*Cotay Res Corp  |
| 46 20- Doctoroph 150   | 184   120   185 term   123   185 term   123   106   185 term   1   | 116 +2 4.0 1.0 49 95 55 Eoster 10p 53 -1 -1 - 52 13 Price Substant Res 3.1 45 1.1 5 Price Vision 10p 53 -1 105 -1 101 10 10 10 10 10 10 10 10 10 10 10 1   |
| 212 162 Valor  | 107   91   Parkland '4'   95     48 41 7.2 3.6   35   139   TR Ind. & General 12.     34   25   Richards 10p   30     145 1.8 6.9   10.5   125   207   TR Ind. & General 12.     37   27   Richards 10p   30     145 1.8 6.9   10.5   10.5   255   207   TR Ind. & General 12.     174   150   SEET 20p   30     145 1.8 5.8 3.6   4.6   10.5   10.                            | 141 +1 3.5 1.1 3.5 70 42 Necto Invests   |
| 234 191. Westparco 10  | 50 31 Sentitiser R.J 10p. 40 25 26 0.9 5.5 124 111 Implie Br   | 129 3 4 10 30 955 299 REA Hidgs. 295 30 3.7 0.5 9.2 applicable: brackrated figures indicate 10 per cent or naive difference if all 12 4.5 18 1.9 10.7 955 295 85 85 85 85 85 85 85 85 85 85 85 85 85   |
| 20 15 Williams (16) 280 280 280 280 280 280 280 280 280 280  | 170 132 Yorklyde 10p 158 50 60 4 37 4 765 693 Da. Capaci II 50p 50 693 Da. Capaci II 50p   | 103 d   2   12.25   13   3   1   |
| 24 15 Marridagen (A.7) 10- 21 - 21.05 - 15 - 275 225 Warmunghs 333 - 275 4 8 10.9 256 Whyle Collins RS 100 333 - 4 279 4 12 4 10.9 256 Whyle Collins RS 100 333 - 4 279 4 12 4 279 4 279 4 12 4 279 4 12 4 279 4 | 218   162   Irageriai   167    | 266 -3 8.6 1.0 4.6 1.0 |
| 793 595 Britands 59  | 101   88   Autha Irm   | 137 . 7.0 27 73 59 0.09 £144 Barrie Grp. £1 . 35.0 6 2.9 2 Cover does not allow for shares, which way also rank for dividend at a 309 yh5.75 4.5 4.0 future date. No P/E ratio usually provided.   |
| 635 508 Ges. Accident  | 154   118   American Trait   125 +1   2-9   1.4   5.5   163.   9   Barris in & Fin 21g -1   152   114   American Trait   125   120     152   75   Barris in & Fin 21g -1   152   114   American Trait   120     152   75   Barris in & Fin 21g -1   152   153   154            | 9xd-5 0.1 0 1.6 0 0 00.72 1.6 8.0 7.9  9xd-7 - 20 00.0.72 1.6  |
| \$33\$ \$22\$ Liberty Life \$A\$ \$1\$ \$35\$\$ \$45\$\$ \$45\$ \$400 Chesterfield\$ \$45\$\$ \$17\$ \$\equiv \$17\$ \$137\$ \$\equiv \$29\$ Liberty Life \$A\$ \$1\$ \$185\$\$ \$45\$\$ \$45\$\$ \$185\$\$ \$185\$ 9.2 \$1.1 \$137\$ \$807\$ \$65\$ Liberty & Kint\$ \$72\$ \$-1\$ \$17\$ \$-2\$ \$17\$ \$-2\$ \$17\$ \$-2\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$185\$ \$17\$ \$1\$ \$187\$ \$1\$ \$187\$ \$1\$ \$187\$ \$1\$ \$187\$ \$1\$ \$185\$ \$1.   | 322 257 Starfite Gritord Janan 257 -4 0.4 1.3 0.2 27 9 Courseau Teast 10p 9 7 8 Barille Gritord Tech. 75 +1 0.65 1.3 1.6 253 2.11 Close Bros. 2 102 82 Barille Gritord Tech. 75 +1 0.65 1.3 1.6 253 2.11 Close Bros. 194 1.58 Gerry Teast 3864+2 F2.49 1.0 4.1 133 90 Home Fix Servi. 50 14 1.1 133 90 Home Fix Servi. 50 1.1 175 104 Barrier A Stim. 10p 156 +1 3.3 1.1 3.0 290 1.60 Heightfort Folkan 5 156 +1 3.3 1.1 3.0 290 1.60 Heightfort Folkan 5 156 1.3 3.1 1.3 0 290 1.60 Heightfort Folkan 5 156 1.3 3.1 1.3 0 290 1.60 Heightfort Folkan 5 156 1.3 3.1 1.3 0 290 1.60 Heightfort Folkan 5 156 1.3 3.1 1.3 0 290 1.60 Heightfort Folkan 5 156 1.4 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5  | 20 1.7 1.7 165.0 1.1 43 29 9 Eastern Rand  Eastern Rand  Eastern Rand  120 1.7 1.7 165.0 1.1 43 29 9 Eastern Rand  Eastern Rand  120 1.7 1.7 165.0 1.1 43 29 9 Eastern Rand  Eastern Rand  120 1.7 1.7 165.0 1.1 43 29 9 Eastern Rand  Eastern Rand  120 1.7 1.7 165.0 1.1 43 29 9 Eastern Rand  Eastern Rand  120 1.7 1.7 165.0 1.1 43 29 9 Eastern Rand  120 1.7 1.7 165.0 1.1 43 29 9 Eastern Rand  Eastern Rand  120 1.7 1.7 165.0 1.1 43 29 9 Eastern Rand  120 1.7 1.7 1 |
| 270   PWS intermination   270   270   PWS intermination   270      | 215   190   Bertish Assers.   196   +1   N6.99   1.0   5.1   578   565   400.8ecbl 95.2000   1   1   1   1   1   1   1   1   1   | 587 965: 53 102.3 - 469 378 ERGO 10.50 415 +2 056: 52 122 122 132 15.2 259 523 Exposite 25c 150 1  |
| 410 226 43 5 Seigneré (Group 10e 97 14 10.0 22 4.1 14.5 27 16 15 15 15 15 15 15 15 15 15 15 15 15 15   | 22b) \$4.7% (Camellis line: 10e \$21 10.0 1.8 0.7 \$22 \$13.7 (Vien Oversit \$0.10 ) \$22 \$19.2 (Charl Is, line: £1 210 050% \$\phi\$ 23.8 \$157 \$120 (Hambro 7trus ) \$100 499   Do. Cap 39 \$29 (Kampton 7tr. 5p ) \$113   78 \$CLR Pacific line: \$14 \$3 \$-2 \$0.55 \$\phi\$ 0.6 \$106 \$65 WHambro 7trus \$14 \$1.25 \$1.0 \$1.5 \$60 (Hambro 7trus ) \$100 \$100 \$100 \$100 \$100 \$100 \$100 \$1  | 125   +5   +5   +5   +5   +5   +5   +5   |
| 163 150 Frognore E450p 152 -1 16.15 29 5.8 7.9   | 23   100 City & Firegor Im   254   +1   7.25   18   44   134   91   kman & 5   5   5   5   5   5   5   5   5   5   | 115   3.25   17   48   20.5   748   5.25   Eundsrand Gidt. 20c   650   1+9   050c   2.1   1.0   Fund 111/45   1989   1200b   1+5   1200b   1+5 |
| 19   145-ba & M Her 100   15 -17   16   112   123   123   123   123   124   125   124   126   12 | 585   520   Continental & Ind   686   +1   20.0   10   4.7   79   56   Wikeyaets Ins.   176   126   Crestom Japan 506   130   -2   0.8   1.3   0.9   182   155   Kustin Taylor 100   130   250   Cystic Feross 61   320     77   18   Kustin Taylor 100   19   19   19   19   19   19   19   |  |

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Morgan Communications at-

racted speculative enpoyer and advanced 6 to 136p hut other Publishers traded in subdued fashion. Saatchi and Saatchi, depressed of late following pub-

licity given ta a bearisb circular fram Haare Govett, rallied 12 ts 642p as Phillips and Drew task a conflicting view and recom-mended purchases. Other adver-

# Base rate cuts and record retail sales a tonic for both equities and gilts

Account Dealing Dates Opting

\*First Declara- Last Account Dealings tlans Dealings Day July 1 July 11 July 12 July 22 July 15 July 25 July 26 Ang 5 July 29 Aug 8 Aug 9 Aug 19

by tender at 120p. Christian sales and a strong pound were a tonic for London slock markets yesterday. The UK clearers belatedly followed the trend initiated last Thursday by Citibank and reduced borrowing cbarges by percentage point to 12 per cent but the news failed to damgen overseas enthusiasm far sterling. The rate continued to gain ground against the dallar rating hopes that the authorities might signal their approval for another small cut in interest rates.

Increased damestic and fareign

**EQUITY GROUPS** 

& SUB-SECTIONS

Building Materials (22)
Contracting, Construction (29)
Electricals (14)
Electronics (38)
Mechanical Engineering (62)

Metals and Metal Forming (7).

Food Manufacturing (21) \_\_\_\_\_ Food Retailing (14) \_\_\_\_ Health and Household Products (9) ...

Leisure (22) Newspapers, Publishing (12) Packaging and Paper (13)

Stores (42)
Textiles (17)
Tobaccos (3)
OTHER GRRUPS (101)

FINANCIAL GROUP (115).
Barits (6).
Insurance (Life) (9).
Insurance (Composite) (7).
Insurance (Brokers) (7).

Investment Trisis (1077 ...... Mining Finance (3) ....... Overseas Traders (14) ....... ALL-SHARE INDEX (739).

FIXED INTEREST

Property (50)..... Other Financial(25)

mand in a restricted market and moved up 38 to 1882; this com-pares with the striking price of 123p following the affer-for-sale by tender at 120p. Christian Salvesna were also supported and rose 6 to 125p.

Canfirmation at lawer interest rates following last week's call for the Gavernment to ambark an a major public works programme, gave a mid boost to the Building sectar. Scattered buying interest lifted RMC 4 to 372p and Bine Circle a couple at pence to 520p. Tarmac, a particularly firm market recently fallowing reports that the grapu is

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Man July 15 1985

| Mo. | Change | Chan

650.31 +0.9 11.27 4.70 11.09 12.49 645.34 649.03 644.34 506.23 467.51 +1.1 — 5.08 — 10.03 462.38 467.78 465.85 365.16 500.04 +2.1 15.47 5.01 9.23 11.77 409.92 498.63 494.93 535.49 714.63 +0.5 — 4.54 — 14.77 710.97 722.55 719.27 474.37 361.61 +1.0 — 5.40 — 8.53 358.38 363.16 361.49 276.58 1030.35 +0.9 9.11 4.02 14.67 20.10 1021.69 1032.29 1025.76 763.69 225.21 +0.4 — 4.90 — 4.92 224.33 224.27 1025.37 255.41 16.31 3.97 21.26 9.22 567.80 586.63 585.78 556.57 256.54 — 9.30 6.14 13.14 7.33 264.22 266.89 587.27 22.46 556.57 266.84 +0.4 — 3.85 — 9.20 564.15 564.22 563.39 465.45 564.55 564.57 264.35 +0.7 12.32 5.81 9.42 5.29 261.69 265.32 265.32 265.33 613.41 483.59 599.08 +0.9 — 4.75 — 11.70 573.91 579.79 584.05 109.07

| Index | Day's | Day's | Day's | Day's | July | July | July | July | July | High | Low | 12 | 11 | 10 | 9 | 6 | ago | 1243.6 | +12.8 | 1243.6 | 1231.5 | 1250.8 | 1258.4 | 1230.4 | 1239.6 | 1258.2 | 1003.0

FINANCIAL TIMES STOCK INDICES

|                       | July<br>15 | July<br>12 | July<br>11 | July<br>18 | July<br>a | July 2              | year<br>ago |
|-----------------------|------------|------------|------------|------------|-----------|---------------------|-------------|
| Government Secs       | 63,12      | 82,89      | 82.73      | 82,68      | 82.66     | 82,49               | 75.21       |
| Fixed Interest        | 27,50      | 27,32      |            | 27.48      |           |                     |             |
| Ordinary V            | 937.9      | 926.3:     | 234.4      |            |           | 261,2               |             |
| Gold Mines            | 392,5      | 898.4      | 401.4      |            |           | 416.5               |             |
| Ord. Blv. Yleid       | 4.96       | 8,01       | 4.93       | 5.01       |           |                     |             |
| Earnings, Yld.≵(ful): | 12,38      | 12,48      | 12.33      | 19,49      | 18.33     | 12.13               | 11,82       |
| P!E Ratio (net: (*)   | 9.87       | 2,79       | 2,68       | a.78       | 2.89      | 10,27               | 10,11       |
| Total bargaine Est./  | 25,425     | 21,91e     | 22.538     | 12,173     | 20,452    | 23,870 <sup>1</sup> | 19,547      |
| Equity turnover £m.,  | _          | 329.80     | 400,37.    | 298,2      | 344,29    | 267,15              | 215,13      |
| Equity bargains       |            | 17,433     | 12,617     | 13,359     | 18,206    | 17,781              | 14,093      |
| Shares traded (ml)    | · ·        | 166.8      | 192,8      | 143.3      | 178,2.    | 134.8               | 122,1       |

| The rate cantinued to gain ground against the dallar raising hopes thet the authorities might signal their approval for another small cut in interest rates.  Increased damestic and fareign suppart 223n exhausted the Government broker's remaining supply af the tap stock, fullypeid Treasury 10 per cent 2004, at 97½. Free af restriction, the stock led a general price edvance which ended with zelected high-coupon langs shawing rises af at the 3.30 pm close; Exchequer 12 per cent 1999-2002 achieved an outstanding gain af a paint at 109%.  In the after-hours' trade, fresh | Building sectar. Scattered buying interest lifted RMC 4 to 372p and Bine Circle a couple of pence to 520p. Tarmac, a particularly firm market recently fallowing reports that the group is considering the sale of Plascom, its oil and gas exploration subsidiary, maved up 4 more to a year's high of 324p, while Redland firmed 3 to 285p. A number of firm features emerged among second-liners with Ward Holdings pecominent at 182p, up 9, on fresh buying ahead of the interim results, due next month. Wiggins Group structed support and put on 5 to 35p, while USM-quoted Dunton gained 3 to 22p | Equity turn Equity ban Shares trac | gains — gains — ded (min! — 10 em 925.2. 1 2 pm 933. Ilay's H 100 Govt. Secs., 12/9/55. SE A Lat | 329.80 4<br>17,435 1<br>166.8<br>I sm 928.0<br>1. 3 om<br>ich 937.2<br>15/10/28.<br>ctivity 1974<br>met Index | 10,617:<br>192,8:<br>192,8:<br>0. Noor<br>834.0.<br>Hay's L<br>Fixed<br>4.<br>01-246: | int. 1928. Ordinary 1/7/35.  S.E. ACTIVITY INDICES        | licity given ta a bearish circular fram Haare Govett, rallied 12 ta 642p as Phillips and Drew task a conflicting view and recommended purchases. Other advertising caunters continued to present an irregular profile. Boase Massimi Pnilitt bardened a few pence ta 327p, but Valin Pollen remeined friendless and dipped 10 mare ta 463p. Landan and Cantinental Advertising firmed 3 ta 140p follawing favaurable press mentian.  Properties gleaned some encouragement fram the cheaper maney trends. MEPC, a dull market last week in the wake af the major share placing ta help finance the £112.5m purchase of | Asizina 11 Herri Leec No. Now 12 |
|--|--|------------------------------------|--|---|---|---|--|----------------------------------|
| demand task the langs even<br>nigher and some even settled<br>with gains extending to a point.   | Raberts Adlard, up 10 at 103p,   |                                    | Nigh   Low   | High I  | Low   | July July<br>12 11<br>Daily<br>2 ift Edged                | EPC from Canadian group Olym-<br>piz and Yark developments,<br>picked up 4 to 261p, while Land   | Attic                            |
| Sharter maturities made only small net improvemeats, while   | at 28p. May and Hassell pco-   | Govt. Secs.                        | (12/7) (2811)  | (9/1/56)  | 42,12   | Bargains 162,0 126,3<br>Equities<br>Bargains 113,1 122,2  | Securities railied 7 to 267p.<br>British Land firmed 3 to 136p on  | Rate                             |
| index-linked issues suffered from<br>views that the Government was   | ing 9 to 76p on the annual profits   | Fixed Int                          | 112/7) (28:1)  | (28111/47)  | 60.63<br>(8/1/75)   | Value 666.6   609.2                                       | suggestians that the shares were due 2 re-rating. Great Portland   | Cale                             |
| following policies designed to<br>reduce the rate of inflation to  | 1CI were a gulet market and  | Ordinary                           |  | (22/1/85) (2  | 42,4<br>26/8/40)  | Bargains 154.2 148.1                                      | Estates moved up 5 to 142p xd.<br>Elsewhere, buyers returned for   | FAI<br>Le <del>is</del> i        |
| around 4 per cent<br>Leading industrial stocks began   | hardened 3 to 702p as selling pressure induced by the strong   | Gold Mines                         | 665.9 392.4<br>(15/4) (12/7)   | 734.7<br>(15/2/80) (9   |   | Bargains 113.6 111.2<br>Value 662.2 672.3                 | Regalian, up 4 at 176p, while renewed speculative interest   | Five                             |
| the first session of a new trading<br>Account rather cautiously. Week-   | the dallar abated. Elsewhere in  |                                    |  |   | 1   |   | lifted Five Oaks 3 to 40p.<br>Shippings. neglected of late,  | Asse                             |
|  | Everard firmed 2 ta 185p in reply  | ing the dank                       | iled full-year   | prafits.  | advers  | e comment. Tace fell 30                                   | went better scross 2 hread frent.  | ELF.                             |
| rates deterred investors, while<br>traders reflected painfully on  | scrip issus prapasal, British Tar  | Thorn EM                           | I, 13 hetter a   | t 332p.   | to 475  | op after news of the pro-<br>£2.9m rights issue and sale  | helped hy 2 press mention, rase  |                                  |
| previous fartnightly trading   | Products gained 4 to 106p fallawing favourable Press camment.  | majars. Ra                         | GEC, 2t 168  | 4 ta  | of ana  | ther 10 per cent stake in                                 |  |                                  |
| cheaper maney encouraged one   | while Amersham International railled 5 to 318p.  | Plessey, at 1                      | 86p, gained 2<br>ut an a cou   | aplece.   | finance   | e lts acquisitian af Ander-                               | part after-hours and finished 7<br>up at 360p, while buyers returned   |                                  |
| or twa small institutional opera-<br>tars to commit funds and husi-  | Gussie wanted  | pence at                           | 104p and F<br>10p, Elsewhere   | erranti   | up 10   | at 585p, after 575p.                                      | far Milfard Docks, 6 better at   |                                  |
| ness expanded further after the announcement af last month's   | After a relatively subdued start, leading Retailers respanded  | 33 advanced                        | 15 ta 350p at<br>reliminary  | ead of  | deman   | intinuatian of Friday's late<br>id lifted Dee Corporation | Weekend comment altering   |                                  |
| record retail sales figure. Business slowed noticeably   | ta the record June provisional retail sales and displayed useful   | while Thern                        | al Scientific  | rose 7  | Food  | 253p in a generally firmer<br>Retailing sector. With      | excellent preliminary results,   |                                  |
| during the afternson, but values continued to nudge higher and   | closing rises. Gussles A spurted   | Sound Diffus                       | wing Press car   | drop-   | sentim<br>retail  | ent helped by the June sales figure, J. Sainsbury         | confirmed yesterday, put Sekers<br>International up 10 to 68p. Else-   |                                  |
| the FT Ordinary share index closed 11.2 up at the day's best   | 24 to 797p shead af the prelimi-<br>nary results, expected shortly;  | adverse con                        | 18p in react   | s Sat-  | rose 8<br>up 6 t  | ta 308p and Tesca moved a 246p. Associated Dairies        | where in Textiles. Rabert H.   | •                                |
| af 937.2.  | as usual, sentiment was aided by<br>enfranchisement hopes. GUS   | sympathy.                          | ed 15 to 19  | op 10   | were :  | finally a couple of pence<br>at 136p, after 138p, while   | the interim profits recovery, while Strond Riley Drummond,   | O!                               |
| Clearers rise  | ordinary shares closed 25 up at<br>845p. Widespread comment anti-  | firm feature                       | ed an outst  | erings.   | Argyll  | settled 4 higher at 297p,<br>Manufacturers also           | full-year figures expected today, hardened the turn ta 43p.  | Der                              |
| changed after morning news af  | Debenhams in the near future   | speculative l                      | 274p on r  | evived<br>market –  | imanan  |   | Tobaccos staged a minor rally,   |                                  |
| lending rates, but later re-   | hams, quoted ex the 1-for-5 scrip  | the interim                        | esults are sch   | eduled  | and .   | S. and W. Berisfard<br>3 to 163p. Park Food put           | Imps, dull since the interim   | Ang                              |
| sponded to renewed support ahead of the forthcoming interim  | issue, rose 5 to 327p. Occasianal interest was noted for Wool-   | for August 8<br>advanced 6         | to 99p as huy  | ers be-   | on 5  | to 1200 in reply to good<br>results and an encourag-      | day, recovered 5 ta 169p.  | For                              |
| dividend season. NatWest, which  | worth, 13 better at 396p, and for<br>British Home, 5 dearer at 276p.   | gan to show                        | increased in   | aterest   | ing sta   | tement  | Rothmans, however, remaloed<br>depressed and gave up 4 more  | M                                |
| rose 8 to 7000, while Barclays   | Dixons, due to reveal annual re-   | sults, while                       |  | ol Te-  | - Pen   | tland feature   | ta 126p—the shares have now fallen 24 in the three trading   | SOU                              |
| half-year results are due on   | 719p in a narrow market, while   | with a rise                        | of 4 to 29p,<br>amped 5 to 2   | Noble   |   | land, dawn 85 last week<br>persistent profit-taking,      | sessions following publication of<br>annual profits well shart of  | Dur                              |
| 397p as did Lloyds, at 417p. Else-   | Etam, 9 up at 185p, and for W. H.  | news of a                          | bid approach   | and i   | regain  | ed composure and the<br>in smaller-priced form            | expectations.  | Res                              |
| S to 398p and Royal Bank of Scot-  | Mail-orders remained firm with   | 36p, the late                      | ter drawing en   | ncour-  | after i   | mplementation of the 200<br>ent scrip-issue, rallied 22   | Burmah gain ground   | Bur                              |
| advanced 15 to 690p ahead of   | were common to Gratian and   | ment with                          | the annual r   | esults.   | to 270  | p. after 275p; sentiment                                  | Features in the oil market<br>were few and far between with  | apti<br>Dun                      |
| Among recently-issued equities.  | af 256p. Jewellers Ratners har-  | over hopes                         | at 88p, up 3   | i, but  | sive i  | elped by news of impres-<br>nterim results from its       | dealers awaiting next Monday's<br>Opec meeting. The leaders  |                                  |
| asserva attracted persistent de-   | dened 3 to 80p, after 81p, fallaw-   | K. Cartwrigh                       | t 10st 3 to 160  | .,  | concer,   | ary Reebok, the American<br>n which is to be floated in   | managed to register minor gains. —Shell edged up 6 to 681p and   |                                  |
| FT-ACTU  | IARIES SHARE   | INDI                               | CES  | 13  | Elsewh  |   | BP hardened to 525p—and it was left to Burmah to provide the   | YE                               |
|  | s are the joint compilation of the   |                                    |  |   |   | lais, Cols Group moved<br>o 225p on the announce          | day's best perfarmance. The let-<br>ter, boosted by comment an last  |                                  |
|  |  |                                    |  |   |   |   |  |                                  |

Wed July 10

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PHIL C PHIL P RD C RD P ROSE C ROSE P UNIL C UNIL P

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Thers July 11

Elsewhers in miscellaneaus industrials, Cole Group moved up 7 to 225p on the announcement that Low and Bonar had increased its stake to nearly 25
per cent, while Wnlverhampton
Steam Laundry put on 4 to 47p,
after 48p, in response to press
comment. Christie's internatianal,
dull last week in sympathy with
the weakening dollar and reports
that the company could face 2
U.S. inquiry into its painting
sale aperatians, recovered 10 at
225p. Bedfearn Natianal Glass
improved 4 ta 92p and Stonehill
gained 9 to 108p. Johnson Matthey appreciated 5 mare to 100p
an further consideratian af the
preliminary results, while Unigroup met with revived speculative support and classed 4 higher
at 39p. Bowster touched 26ip
priar to endiag a net 4 better an
halance at 256p fallawing acquisition news, hut AAH came an increased its stake to nearly 25

hardened the turn ta 43p.

Tobaccos staged a minor rally,
Bats put an 3 at 303p, while
Imps, dull since the interim
od dispress disappointed last Thursday, recovered 5 ta 169p.
Rothmans, however, remaloed depressed and gave up 4 more ta 126p—the shares have now fallen 24 in the three-trading sessions follawing publication of annual profits well shart of expectations.

Russian Instruction Service

Maney was given far the call of AB Electronics, Falcon Resources, STC, New London Oil, Instruction Service

Wolverhampton Steam Laundry, Instruction Service

Russian Research Midland Banks Services, Midland

Features in the oil market aptions were transacted is were few and far between with dealers awaiting next Monday's Opec meeting. The leaders managed to register minor gains.

—Shell edged up 6 to 68ip and BP hardened to 525p—and it was by hardened to \$259—and it was left to Burmah to provide the day's best perfarmance. The letter, boosted by comment an last week's £15m sale of its Standard Motorists Centres and silence manufacturing division, advanced 9 to 264p.

- F1.147.66 6.60 5.80 F1.62.40 - F1.62.22 12 F1.174 - F1. 74.60

FL 74.6

Fr5620

FI. 49.32

FI. 196,40 FI. 72.4 FL851

Vol. Last Vol. Last 32 (8312,60 12 6.80 3.70 2.50 9.12 1.40 1.50 \$138,70 ABN C ABN P AEGN C AEGN P AH C AKZI P GIST C GIST P HEIN C HEIN C HEIN C HEIN C NOOG C ea 412 22 212 284 — 7 FL115.80 3,70 B FL26.50 — FL199.88 F1.160 F1.160; F1.65; F1.60; F1.70; F1.72.50. F1.72.50. F1.72.700; F1.60; F1.60; F1.73.700; F1.73.7 ea 232 133 123 123 103 e 7 456 256 20 12

**EUROPEAN OPTIONS EXCHANGE** 

6 = Bid

The Gold Mines index rallied 7.2 is 399.6. The best perfarmers smong the beavyweights included Santhysel, £30½. Vaal Beefs, £63½, and Western Holdings, £22½, all of which posted gains in the region of ½.

Financials suffered from lack of interest but the UK based issues monaged marginal imacovaments following the upturn in domestic equity markets. Consolidated Gold Fields put on 5 ta 503p and Ria Tinto-Zinc bardened 3 tz 550p.

Relativaly subdued conditians prevailed in Traded Optiaus which attracted 5,996 contracts—3,456 caliz and 2,540 puts. This was well short of last week's daily average af 8,242.

offer 2t 126p; down 6; the latter's results ere due next Tuesday. The leaders responded to news of cheeper maney with madest improvements. Rank Organisatina, still drawing strength from the good interim results, recarded an shave-average rise of 7 to 360p.

#### **NEW HIGHS AND LOWS FOR 1985** NEW HIGHS (75)

mended purchases. Other advertising counters continued to present an irregular profile. Boase Massimi Pullitt bardened a few pence to 327p, but Valin Pollen remeined friendless and dipped 10 more to 465p. Landon and Continental Advertising firmed 3 to 140p following favourable press mentian.

Bank of Ireland Conemagem (2)
Adiled-Lyons Marston Thomp
BuilDiNGS (2)
Wettern Bros. STORES (1) Cole Group Johnson
FAI Insurances
LEISURE (1)

Leisure lev. PROPERTY (2)
Five Oaks Inv. Property Princible.
Five Oaks Inv. Property Princible.
Early's of Witney Select Int.
Asset Social Sits Smith Gros.
ELF UK 124pcLn

NEW LOWS (102) AMERICANS (115)
CANADIANS (4)
EANKS (1)
BUILDINGS (3)
CHEMICALS (1)
ELECTRICALS (5)
ENGINEERING (2)
FOODS (1)
INDUSTRICALS (14)
INSURANCE (2)
LEISURE (5)

#### **OPTIONS**

Wolverhampton Steam Laundry, Bunton, Energy Capital, Bem-rese, Midland Bank, Southwest Resources, Gomme, Terrex and Burnett and Hallamshire. No puts were reported, but double aptions were transacted in Dunton and Bemrose.

# RECENT ISSUES

|                 | 101                          | TIES  | •                       |                       |   |                   |             |                                  |                   |              |                     |
|-----------------|------------------------------|---|-------------------------|-----------------------|---|-------------------|-------------|----------------------------------|-------------------|--------------|---------------------|
| letue           | mount                        | Paris to the last | 19                      | 85<br>i               | Stock   | Otosing<br>price  | + or        | Net<br>Div.                      | Firmes            | Yield        | 등<br>등              |
|                 | <br>2 F.                     | _'  | : 50                    | Low<br>58             | LATA Selection 5th  | 32                |             |                                  | 2.6               | 3.6          | 10.3                |
|                 | 0 F.<br>8 F.                 | P. 2/8<br>P. 2/8<br>P. 12/8   | 235<br>140<br>60        | 1223<br>1160<br>! 48% | Abbey Life Cp<br>Appletree 130<br>Ballie D'Cd Ship Hpn.                                     | 226<br>135<br>48, | +8          | 58.3                             | 5.a               | 2.6          | 15.3                |
| 17              | 2 F.                         | P. 24/7<br>0 24/7<br>P. 13/9  | 179<br>134<br>263       | 165                   | YBlanchards 10p<br>Bradstock 6p<br>Brent Walksr 12p<br>British Aerospace 66p                | 178               | +2          | bg5.25<br>b3.3<br>15.63          | 2.4<br>2.2        | 4.4          | 16.8<br>2.3         |
| 97<br>16        | F  F. <br>    F. <br>     F. | P. 12/7<br>P. 19/7  | 12<br>150<br>80<br>150  | 160<br>74 %           | Clive 2 isocunt Wrrts<br>+ CobraEmer IdMines<br>+ Cranbrook Elect. 6p<br>First Security 10p | 123               |             | b1.8                             | 5.e               | 1.6          | 10:3                |
| )8<br>Ir.2      | 8  F. <br>7  F.              | 2/2<br>2/2<br>2/2<br>2/5/7  | 90<br>77<br>460         | 80<br>68<br>380       | A Goodhead Print 20p<br>Dreen Property Ir. 25p<br>A Heavitree Brewery                       | 80<br>22<br>690   |             | 65.2<br>12.573<br>10.75          | 3.2<br>1.5<br>1.2 | 5.2<br>5.2   | 0.8<br>25.7<br>14.8 |
| 14<br>12<br>12  | F. <br>   F. <br>   F.       | 1217  | 158                     | 128                   | BL 10p  | 137<br>188        | +2  <br>+38 | bg 1.25                          | e.3               | 1.5<br>0.27  | 15.5                |
| 12              | 4 jeji                       | P. 2817<br>P. 26/7<br>P. 218  | 47<br>33<br>113<br>5012 | 46<br>100<br>50       | AMicha'kJ)Design2p<br>Micro Scope 10p   | 48<br>160<br>62   | _2          | 1.0<br>b1.2                      | 3.6<br>4.2        | 3.1<br>2.1   | 12.E                |
| 517<br>4<br>59  | 1 (F.)                       | 2/7<br>2/8<br>12/7  | 170<br>474<br>117       |                       | #Paper Systems \$8.01<br>#Perkinsul.:Meats 18p<br>#Polypipe 10p<br>#Prentaprint 10p         |                   |             | bgi.&c<br>b.g1.8<br>52.9<br>b1.2 | 2.7               | 7.11<br>8.81 | 2, 5<br>14. 7       |
| 913<br>11<br>16 | 5 F.                         | P_ 21 8   | i <b>126</b>            | 108                   | Salvasen (Christian)  | 108               | +6          | 2,875                            | 2.2               | 3.5          | 18.6<br>25.8        |
| 9               | 8 F.S                        | 12/3  | 78<br>113               | 74<br>89              | - Trilion 10p   | 76                |             | bg1.1<br>U2.3                    | 4.8<br>2.7        | 3.7          | 14.1<br>11,2        |

# **FIXED INTEREST STOCKS** Issue | Eq | 20 | 1985

| £         | 20          | 454   |       |       | Stock ·  | 1008<br>pries | <b> +</b> 0 |
|-----------|-------------|-------|-------|-------|--|---------------|-------------|
|           | PER         | 750   | Hish  | Low   |  |               |             |
| 11_       |             | 22/7  | 107p  |       | Allebone 84% Cnv. Cum. Rd. Prf   |               |             |
| 44        | F.P.        | I — I | 8712  | , 964 | Boddingtons 91% Cv. Uns. Ln. 2000-05.                                  | 9613          | ·····       |
| ii i      | Nil<br>F.P. | 9/8   | 4000  | 4 ppn | C. H. Industia. 7% Cnv. Cum. Red. Prf<br>Caparo Inda. 8% Cnv. Cum. Prf | 920           |             |
| <b>44</b> |             | 26/7  |       | 137   | Cape Inds. 8.4% Cum. Cnv. Red. Pref                                    | 1240          |             |
| γ.        |             | 19/8  | 101   | 87    | Euro, Ferries 6,75% Cv. Rd. Cum. Prf.                                  | 27p           | j           |
| 50p       |             | 27/9  |       | 410   | Nansoc Tst. 6.75% Cnv. Cum. Red. Prf                                   | 43p           |             |
| 11        | F.P.        | 2/8   | 103p  | 95    | AHunterprint 61/2 Cnv. Cum. Red. Prf                                   | 95 p          | -4          |
| b         | NII         |       | 1ppm  | 1000  | Juliana's 712% Cnv. Uns. Ln. 2000-02                                   | 1ppm          |             |
| 1         |             |       | 106   | 90    | Kennedy 2rookes 64% Dry, Un. Ln. '62                                   | 90            |             |
| 0.788     | F20         | 8:9   | 3212  | 291   | Malaysia 10342 Ln. 2009  | 2514          | +50         |
| 9.68      |             | 26/7  | 1025  | 160   | Mansfield Srewery 11's Deb. 2010                                       | 1083          | +1          |
| _         | F.P.        |       | 1004  | 100   | Nationwide Bidg. Soc. 12A9 30/6/83                                     | ****          | +14         |
| -=-       | F.P.        |       | 100%  | 1001  | Do. 11+2% Bds; 21/7/86   | 1001          |             |
| 100       | F.P.        | 05.00 | 10834 | 1081  | Oldham Met. Borough 19.43 Rd. 2028<br>Port. & Sund. 1012 End. Cum. Pri | 125           |             |
|           |             | 26/7  |       | 181   | Rusself (A.) 6.75% Cum, Cnv. Rd. Prf                                   | 1000          |             |
| 4.896     |             | 12/7  | 105p  |       |  | 102           | 4.50        |
| 100       | F.P.        |       | 1050  | 104   | Sund. & S.Sh'lds.Wtr.11.92Rd.Db. '95/87                                | 10%           | 111         |
| 100       |             |       |       | 122   | West Hampshire Wtr. 11.85 Rd. Ib. '85/97                               | 1034          | - 10        |
| i ii      |             | 26/7  |       | 100   | W60lworth 812% Cnv. Uns. Ln. 2000                                      | 10512         | + 10        |
| 100       | F.P.        | 1.0   | 105A  | 104   | York Wtr. 11.85 Red. Deb. 1993/97                                      | 1051          | + 19        |
|           |             |       |       |       | -  |               |             |

#### RIGHTS OFFERS

| Issue         |             | Latest<br>Renunc. | 198                    | a _        | Stock                                 | Closing    | + 91       |
|---------------|-------------|-------------------|------------------------|------------|---------------------------------------|------------|------------|
| price         | Ag          | date              | Nigh                   | Lqw        |                                       | 중조         | ļ <u> </u> |
| 50<br>Ir.0.46 | F.P.        | 16/9              | 55<br>321 <sub>2</sub> | 50<br>22   | Ansbacher (N.)                        | 53<br>26   | +2         |
| 165           | HH          | 16/2              | 162m                   | 22m        | Baker Perkins 60p                     | 2pm        | 5          |
| 33<br>145     | F.P.        | 16/8<br>2/6       | 371s                   | 30<br>120  | +Blo-isolates                         | 160        |            |
| 100           | F.P.        | e2/7              | 2pm                    | 11pm       | ** Cobra Emeraid Mines                | 14         | 1-1-1      |
| 190<br>e20    | PP          | 2217              | 245<br>eag             |            | Emess Lighting<br>English China Clays | 226        | +1         |
| 210           | F.P.        | 23/8              | 248                    | 208        | Evered                                | 208        |            |
| 185<br>260    | 100<br>F.P. | 28/10<br>6/8      | 125<br>296             | 265        | Hanson Trust<br>London United 20p     | 270        | +6.        |
| 285           | Hil         | 2/8               | 224pm                  | 1212 pm    | Mills & Allen                         | 54PM       | + *        |
| 180<br>672    | F.P.        | 22/7              | 19712                  | 163<br>383 | Sunlight Service 10p                  | 182<br>446 | <u> </u>   |
| 600           | F.P.        | 22/2              | 690                    | 643        | Union Discount £1                     | 690        | + 16       |
| A\$1.25       | NU          |                   | 5pm                    | abu        | IAMOOGRAGE LAC WEG-OO!                | opin       |            |

Renonsiation data usually last day for dealing free of stump duty. b Figure of on prospectus estimates. a Assemed divideed and visid. u Foract based on prospectus estimates, gAs dividend cover based on provious year indicated. I lasued by tender. I Of "rights." "Issued by sway of capi

# Above average activity was noted

ACTIVE STOCKS

| Soweter Industries  | 256  |
|---------------------|------|
| Des Corporation     | 263  |
| Oixons Group        | 719  |
| Ounton              | 21   |
| GUS "A"             | 797  |
| Imperial Group      | 169  |
| Jaguar              | 246  |
| Pentland Industries | 270x |
| Royal Insurance     | 680  |
| TI                  | 274  |
|                     |      |

| ĵο  | ACTIVE                            | STO                   | CK:   | 5 .             |
|-----|-----------------------------------|-----------------------|-------|-----------------|
| , e | Based on barga<br>Exchange Office | alna rece<br>al Li≆t. | orded | in Stoc         |
| age |                                   | Ho, of                | Fri.  | Ony's           |
| -   | Stock                             | changes               | close | chang           |
| 4   | Pentland Inda.                    | 42                    | 745   | 10 <sup>-</sup> |
| 5   | 1CI                               | 26                    | 689   | 13              |
| 3   | Faicon Rea                        | 12                    | 65    | - 3             |
| 31. | Nativent Bank .:                  | 79                    | 692   | 13              |
| 4   | Imparial Group                    | 12                    | 164   | a               |
|     | Urd. Scienzific                   | 17                    | 178   | 6.              |
| 5   | Oobenhams                         | 12                    | 387   | + 2             |
| 2   | Jaguer                            | 16                    | 248   | 7               |
| Ž   | Racel Elect                       | 16                    | 134   | - 2             |
| ī   | STC                               | 12                    | 102   | 2               |
|     | Thom EMI                          | 128                   | 312   | 2               |
| 3   | атя                               | 13                    | 330   | 2               |
| )   | 26H (A.)                          | 15                    | 230   | <b>— 2</b>      |
| 3   | Glaxo                             | 15                    | £12   | Oz              |
|     |                                   |                       |       |                 |

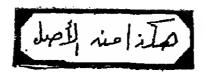
# **LONDON TRADED OPTIONS**

|                                  |                                 | C                          | CALLS  | ,                    |                        | PUTS                 |                           | I  |                          | -10                               | CALLS                         |                                 |                                      | <b>פדט</b> ים <sub>י</sub>   |                                       |
|----------------------------------|---------------------------------|----------------------------|--|----------------------|------------------------|----------------------|---------------------------|--|--------------------------|-----------------------------------|-------------------------------|---------------------------------|--------------------------------------|------------------------------|---------------------------------------|
| Dptio                            | п                               | Jly.                       | Oct.   | Jan.                 | Jly.                   | Oct                  | Jan.                      | Option                                     |                          | Aug.                              | Nov.                          | Feb.                            | Aug.                                 | Nov.                         | Feb.                                  |
| 2.P.<br>(*526)                   | 460<br>500<br>632<br>600        | 37<br>30<br>3              | 85<br>48<br>21<br>11                           | 68<br>22             | 21 <sub>2</sub><br>22  | 7<br>17<br>40<br>85  | 28<br>47<br>88            | Lonrho<br>(*158)                           | 140<br>180<br>180        | 112<br>12<br>2                    | 18 7                          | 22<br>12                        | 11 <sub>2</sub><br>3<br>16           | a<br>17                      | 18                                    |
| Cons. Gold<br>(*502)             |                                 | 47<br>13<br>1              | 80<br>37<br>17                                 | 48<br>22<br>11       | 78<br>11<br>60<br>100  | 2<br>18<br>55<br>104 | 25<br>50<br>105           | (*355)                                     | 350<br>360<br>690<br>422 | 66<br>11<br>2<br>1                | 43<br>22<br>2                 | 68<br>62<br>12                  | 16<br>27<br>65                       | 8<br>20<br>40                | 16<br>23<br>42                        |
| Courtaulds<br>(*167 <sub>1</sub> | 150<br>140<br>150               | 2<br>2<br>012              | 12 10  | 21<br>16<br>2        | 1 2 2 2 2              | 104<br>6<br>2<br>24  | 105<br>10<br>10<br>25     | Racal<br>(*132)                            | 132<br>140<br>160<br>180 | 12 6 1                            | 12<br>12<br>2<br>5            | 28<br>20<br>12<br>6             | 24<br>24<br>44                       | 7<br>16<br>24<br>44          | 16<br>22<br>44                        |
| Com. Union                       | 180<br>250<br>220<br>240        | 5a<br>  17<br>  3          | 38<br>22<br>13                                 | 33<br>23<br>14       | 1<br>2<br>12<br>28     | 14<br>14<br>51       | 12<br>20<br>66            | R.T.Z.<br>(*362)                           | 650<br>652               | 23<br>12<br>2<br>101 <sub>2</sub> | 42<br>26<br>12                | 55<br>32<br>165                 | 17<br>34<br>102                      | 21<br>20<br>104              | 30<br>aa<br>-                         |
| D.E.C.<br>(*168)                 | 150<br>180<br>200               | 10<br>11 <sub>2</sub>      | eo   | 1 22                 | 12 1                   | 16                   | 66<br>  2<br>  12<br>  54 | (*\$88)<br>Ex 109 1989<br>(*£93)           | 50<br>100                | 454<br>214                        | 2                             | 1014<br>612                     | 1334                                 | 19                           | 13 12 12                              |
| Grand Met.<br>(*283)             | 222<br>300<br>330               | 12<br>112<br>112           | 22<br>10                                       | 32<br>12             | 54<br>54<br>17         | 8<br>82<br>82        | 1 11 26                   |  | 94<br>96<br>22           | 050                               | 15g<br>07g                    | 2 15<br>15                      | 0<br>0<br>0<br>2<br>1                | 0 18<br>0 18<br>0 12<br>1 14 | 114                                   |
| I.C.I.<br>(*694)                 | 750                             | 18 2                       | 1 40   | 60<br>32             | 45  <br>  12  <br>  68 | 33<br>72             | 47<br>  42<br>  72        | Tr. 112% 08/07<br>(*£1171)                 | 106<br>108<br>110        | 4/2<br>319<br>114                 | 616<br>318                    | 61g<br>416<br>214               | 0.2-1                                | 113<br>113                   | ( 0麗                                  |
| Land Sec.                        | 1 250                           | 1 11                       | 1 7 1  | 1 26                 | hã2 l                  | 1114                 | liia                      | Optio                                      |                          | Sept.                             | Dec.                          | Mar.                            | Sept.                                | nec.                         | Mar.                                  |
| (*223)                           | 300                             | 012                        | 2 4  | 126<br>12<br>7       | 12<br>34               | 17<br>36             | 10<br>12<br>36            | 8TR<br>(*330)                              | 500<br>325<br>360        | 45<br>a2                          | 53<br>33                      | 60                              | 4<br>12                              | 2<br>18                      | 14                                    |
| Marks & Sp.<br>(*132;            | 140<br>160                      | 12<br>2<br>11 <sub>2</sub> | 24<br>1e<br>2<br>4                             | 20<br>14<br>2        | 1<br>2<br>2<br>2<br>2  | 2<br>11<br>22        | 7<br>14<br>28             | Beecham<br>(*502;                          | 300  <br>332             | 23                                | 24<br>30<br>17                | 40<br>-<br>38<br>50             | 52                                   | 35<br>14<br>32               | 12<br>67                              |
| ehell Trans.<br>1°673,           |                                 | 83<br>33<br>2              | 80<br>28                                       | 28<br>37             | 8 4                    | 16<br>85             | 17                        | Eass<br>(*547)                             | 360<br>  500<br>  360    | 54<br>23                          | 17<br>7<br>37                 | 27<br>47                        | 28<br>58<br>20                       | 58  <br>  11<br>  30         | 10<br>63                              |
| Traffgar Nse<br>(*344)           | 583<br>630<br>353               | 22<br>a                    | 74<br>74<br>12                                 | 34                   | 76  <br>  1  <br>  12  | 72                   | 12                        | De Sears<br>(*\$5,45)                      | 482<br>500<br>560        | 2                                 | 20<br>112<br>73<br>42         | 90                              | 10<br>10<br>80<br>43                 | 12                           | 46                                    |
| l —                              | 650                             | <u> </u>                   | <u></u>  | eo                   | <u> </u>               | -                    | 25                        | CKN  | 1 180 1                  | 50                                | <del></del>                   |                                 | 2 .                                  | 65                           | 78                                    |
| Iption                           |                                 | Aug.                       | Nov.   | Feb.                 | Aug.                   | Hov.                 | Feb.                      | (-224)                                     | 200<br>220<br>240        | 31<br>12<br>2                     | 37<br>25<br>13                | 44<br>aa<br>12                  | 2<br>12                              | 2<br>11<br>22                | 2<br>14<br>25                         |
| BAT Inda.<br>(*303)              | 300<br>352                      | 22<br>12<br>2              | e6   | 83                   | 14                     | ıã                   | a <u>a</u>                | Hanson I                                   | 1250<br>1300             | 16                                | 65                            | 112<br>46                       | 37<br>105                            |                              | 115                                   |
| Barciava                         | 860 /                           | a                          | 12<br>3  | 17                   | 38                     | 40<br>53             | 47                        | (*185)                                     | 162<br>122<br>200        | 17 2                              | 12                            | 28<br>-<br>12                   | 7 12                                 | 2a                           | 14                                    |
| Barciays<br> *412(               | 350<br>383<br>350<br>420        | 82<br>85                   | 47<br>-  | 77<br>22<br>32<br>32 | 2<br>13<br>-           | 17<br>-              | 8<br>22<br>37             | Jaguar<br>(*246)                           | 240<br>222<br>250<br>300 | 21<br>12<br>2<br>3                | 21<br>12<br>6                 | 27<br>16                        | 20<br>32<br>36                       | 93<br>32<br>55               | 25<br>27<br>37                        |
| Brit. Aero<br>(*831)             | 330<br>350<br>380<br>420        | 14 4 1                     | 2e<br>14<br>2                                  | 25<br>e2<br>11       | 12<br>33<br>42         | 12<br>33<br>63       | 32<br>36<br>65            | Tesoo<br>(*242)                            | 252<br>240<br>252        | 20                                | 3a<br>50                      | aā                              | 22                                   | 23                           | 14                                    |
| Bt. Telecomi                     | 1 450 (                         | 48                         | 2  | 4                    | 133 1<br>219           | 133                  | 23                        | *158.64gts)                                | 150 /                    | 14.60 1<br>0.40 1                 | 12.20 1<br>14.60 1<br>11.12 1 | 12.20<br>15.50<br>12.40<br>2.80 | 2.50<br>2.65<br>1.80                 | 1.70<br>2.92<br>4.50         | 2.13<br>4.72<br>6.60                  |
| Bt. Telecom<br>(*178)            | 140<br>150<br>160<br>172<br>180 | 55<br>25<br>17<br>e        | ea<br>12                                       | aī                   | 1<br>2<br>41g          | 312                  | 1   1   1                 | 3/IIM<br>(*34.69 cts)                      | 122<br>140<br>32<br>33   | 8.50<br>3.72<br>2.95              | 2,001                         | 7.40<br>2.80<br>3.20            | 1.80<br>3.60<br>6.60<br>a.aa<br>a.sa | a.7∩l                        | 6,50<br>8,70<br>11,70<br>2,72<br>1,50 |
|                                  | 200                             | 1                          | 7.<br>2.                                       | 20<br>11<br>5        | 13 }                   | 12<br>29<br>49       | 14<br>50<br>60            |  | 54<br>35                 | 1.58<br>2.22                      | 2.12<br>2.13<br>1.60          | 2.35                            | 0.60<br>1.02                         | 1.05<br>1.50                 | 1,60<br>1,30<br>1,85                  |
| imperial ap,<br>(*18a)           | 160<br>180<br>260<br>220        | 12<br>e:<br>1<br>1         | 22<br>12<br>51 <sub>2</sub><br>21 <sub>2</sub> | 27<br>19<br>218      | 3<br>12<br>34<br>54    | 12<br>12<br>34<br>54 | 12<br>22<br>27            | Tiption  FT-SE (10) Index (12) (*1242) 126 | 25 25                    | AU2<br>                           | 7a                            | = 1=                            | ly Aug                               | 12                           | ĭΞ                                    |
| (*266;                           |                                 | 12                         | 42<br>28<br>18<br>2                            | 22<br>22<br>23       | 77 1                   | 10<br>25<br>35<br>42 | 12<br>22<br>40            | 127<br>130<br>120                          | 76 a<br>02               | =                                 | 12 2                          | 25<br>1e -                      | 47                                   | liīa (                       | 57<br>27<br>112                       |
| 300                              |                                 | -   -   14                 | 14   | = 4                  | = 1                    | 66                   | July 15 Total C           | Ontrac<br>Und                              | ets 3,41<br>Iarlyin6     | 56. C                             | Calls 4,4                     | 452,<br>86                      | Puts 2                               | 540                          |                                       |

nd adj 1985 to date 10.16 10.19 10.19 11.07 10.55 10.13 11.12 10.70 10.25 10.06 10.19 10.23 10.23 11.12 10.62 20.19 11.16 10.78 10.34 9.89 11.74 11.56 11.39 11.61 10.80 12.68 11.89 11.14 12.73 12.03 11.29 10.68 +0.10 6 7 High 6 Coupons 132.02 +0.41 151.80 0.33 7.67 2 5-15 years ... 138.39 +0.50 137.70 6.87 3 Over 15 years. 149.54 +0.37 149.66 7.27 129.90 +0.32 129.72 0.15 11.80 11.58 11.37 6 Delembures & Legas ... 121.05 +0.40 | 110.61

3.69 3.68 3.95 3.48 3.47 3.73

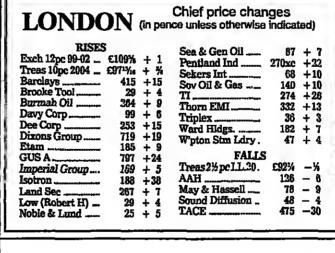
'IDAY'S



### K MARKETS

|   |  |  | WO   | RLD STO  | CK MAR   |
|---|--|--|--|--|--|
| Y | July 10 Price + or   | NORWAY  I Price : + or  I July 15 Kroner —   | AUSTRALIA (continued) Price + or July 15 Aust.5 —  | July 15 Price + or   | CANADA   |
|   | Creditanstalt. 355   | Christianis Bank   157 + 1   | Cen. Prop. Trust. 2.3 —0.00 Hardie (James) 298 +0.61 Hartogen Energy 8.5x8c —0.02 Herald W'yTimee 4.65 +0.85 ICI Aust  | MHI 528 -7 Missul 521 -6 Missul 521 -6 Missul 521 -6 Missul 521 -6 Missul 521 -7 Minon Cement 355 -20 Mippon Denso 1, \$20 Mippon Beet 918 -14 Mippon Express 465 -14 Mippon Gekkl 1,040 -30 Mippon Kokan 147 -1   | Sales Stack High Low TORONTO Prices at 2.30pm July 15  1500 Abri Pron \$174, 174, 3250 Agraed E \$165, 165, 165  |
|   | B.B.1 Banq. Den Lux: 6.300 Deutsche Babcock. 259 Deutsche Bank. 857 Deutsche Bank. 255.5 Dreadner Bank. 255.5 Drea | 24   | Myer Emporium   3.06   -0.08   Not. Aust. Bank   4.51   +0.05   News   6.5   -0.06   North Site Hills   2.2   -0.06   Oakbridge   1.06   +0.02   Pancontinental   1.7   -0.02   Paneer Cons   2.01   -0.02   Oakbridge   3.50   -0.07   Oakbridge   3.50   Oakbridge   3  | Nippon Cit   | 1500 Agra Ind A 881, 8<br>  53820 Alt Energy 5187, 181, 900 Alts Nat 5147, 181, 1831 Algoma St 5221, 211, 921 Argoen 5181, 181, 7600 Atto II 5107, 10 402 BP Carnada 5311, 31, 18139 Bank BC 53, 51, 71303 Bank N S 5134, 139, 19100 Barrick a 159 154, 600 Bonanza R 355 355 500 Braidona 455 455   |
|   | Section   Sect   | Ros. Vizzaya   | Santos   | Orient Leasing 5,100 Pisn6cr   | -9900 Bramalea 5185 187, 500 Brenda M 39 2 3 2 507 F7623 BCFP 5101 27, 11310 BC Res 247 242, 7400 BC Phone 3237, 231, 1450 Brunswit 513 127, 6725 Budd Can S301 301, 59730 CAE 5197 17, 26182 Cad Frv 515 147, 300 Campseu   \$241, 241, 241, 241, 241, 241, 241, 241,   |
|   | Sec. Gen. Beige  | 1.0  | HONG KONG  July 15 Price + or H.K.\$ —  Bank East Asia   | Shlonog  730 : -11 Shiseldo 7050 -58 Sony 8,780 -50 Staniey 705 -44 Staniey 705 -44 Stomo Eleci 690 -28 Stomo Eleci 690 -28 Stomo Marino 779 -19 Stomo Marino 779 -19 Stomo Metal 154 +2 Talhet Dengyo 550 Talsel Corp. 884 +19 Talsed Pharm 981 -29 Taksda 785 -40 TDK -4,550 -150  | \$8833 C Nor Wes \$224, 221, 118 C Packra \$34 34 34 1400 Can Trust \$385, 385, 385, 118 C SE \$105, 105, 105, 105, 105, 105, 105, 105,  |
|   | Andelsbanken 529 4 Saitle Bkand 680 15 CopHandelsbank 3335 Danske Bank 3484 De Danske Lutt 1,170 East Asistic 2405 Foreneds Bryss 915 5anoo Com*[e 23,550 256.7  | Thermacis   201   -\$  | HK Chine Gas   | Teijin   | 100 CHUM \$40 40<br>19035 Cineplex \$9°, \$9,<br>27400 G Dietb A \$5°, \$3,<br>3500 CDietb B \$6°, \$8<br>8400 CTL Bank 511% 1114  |
|   | S.S.B.   | SWITZERLAND  SWITZERLAND  July 13  | Shell Elect  | 7070 - 785   -14 Toyo Seikan - 95 - 45 Toyota Motor - 1,220 - 10 Victor - 1,900   -80 Waccal - 695 - 5 Yamaneuchi - 2,880   -50 Yamaneuchi - 2,880   -50 Yamazaki - 776 - 14 Yasudé Fire - 882   -55 Yakogawa Edge - 845   +30   | NEW YORK-BOW J   July   July   12   11   12   11   1338.60   1,341.17   1,338.60   1,337   |
|   | July 12  | 49   Credit Bulsse   2,920 -45     Elektrowatt   3,190 -10     500   Flacher(Geo.)   865 -25     Hoff-Roche Prüs 25,750     Hoff-Roche 1/10, 9,550 -25     Jacobs Suchard, 6,650 -25     Landis & Gyr   1,930 -5     Nestle   8,510 -98     Oer-Buchrie   1,545 -3     Firell   376 +4     Sandox (Br)   8,250 -350  | Alinomoto 1,110 +20 Alpa Electric 1,550 -81 Asahi Chem 515 -25 Asahi Chem 515 -25 Asahi Glass 919 -51 Bridgestone 539 -7 Canon 999 -1 Casio Comp. 1,370 -110 Chugai Pharm 940 +20 Chizon 409 +19 Dalel 700 -9 Dai Hippon Pto 1,070 -30   | Singapore   Sing   | Transport 880.89* 887.87 876 Unitries 169.01* 168.91 167 Trading vol 120.3m 122  |
|   | GIT-Alcatel 1,210 -16 AEGON 98x9 -2 Garetour 2,100 +9 Ahold 252,5 -2 Gib Bancaire 687 +1 ABN 475 -1 Collineg 503 +9 Darmart 1,895 -2 AMEV 267 -3 AMEV  | Sandoz (PtCts) 1,460 45 2 chindler (PtCts) 900 1,510 10 2 Surveillence 4,928 458 3 Swissalr 1,520 20 2 wiss 8ank 487 1 2 Swiss Reinsce 12,100 200 3 Swiss Volksbk 1,770 20 4 Unkor Bank 4,270 30 Winterthur 4,488 60 2 Surveillence 12,500 450 2 Swiss Volksbk 1,770 20 3 Swiss Volksbk 1,270 30 4 Swiss Volksbk 4,270 30 4 Swiss Volksbk 1,270 30 5 Surveillence 4,488 60 5 Surveillence 4,488 60 5 Surveillence 4,588 60 5 Surveillence 60 6 Surveil   | Ebara 470 -11 Elsat 1,200 -50 Fanuo 7,300 -20 Fuji Banh 1,740 -50 Fuji Fijim 1,850 -20 Fujikawa 630 1-20 Fujikawa 904 +9 Green Gross 2,000 -100 Hassgawa 475 -7 Helwa Real Est 75   -26  | Keppel Shloyard 1.28 = 0.05 Malay Banhing 5.25 Malay Utd. Ind 2.15 +0.82 Multi Purpose 0.75 = 0.25 OUS   | Ind Div Yalid 96   |
|   | Gen. Occidentale 750 +7 Elsevier NOU 125.5 -2   Imetal   | ## AUSTRALIA ## July 15  | Watsu  | SOUTH AFRICA  July 15   Price   + or Rand      Abercom   1.98      Abercom   2.98  | and div yield "Its Ind. P/E Resis Long Gov Bond Yield  |
|   | Perriod Ricard 730 +9 Perrior 530 +9 Perrior 530 +9 Perrior 530 +9 Perrior 540 +7 Redoute 51 1,560 -15 Roussel-Uciar 1,560 +30 Roinso 69,5 -0 Roinso 69,5 -0 Roinso 69,5 -0 Roinso 69,5 -0 Roinso 70,4 -0 Roinso 70,5 -0 | APM  | Kao Soap   | Barrolays Bank   | July   July   July   Hill   12   11   12   11   12   11   12   11   1 |
|   | NOTES—Prices on this page are se quoted on the individual suchaoges and are last traded prices. \$ Desiling suspended, and Fx dividend, so Ex scrip lasts. At Ex right as Ex all.  | 5. CastismaineTys. 7.36 —0.38<br>—Coles (G.J.I   | Marubeni   | Protea Hidgs   | Traded P. ATT 2,907,206 2  Drown-Zul 2,828,500 4  Clev B 1,552,400 2  Mar Synch 1,523,800 3  Bill 1,249,300 12  Advances 758 Decines 713  TORORED July   |
|   | OVER-THE-COUNTER   |  |  |  | Merels & Minds 1.995 Compecte 2.743 pAORTREAL Portulio 135.6 limitators pre-close figures  |
|   | Sinck   Salet   High Low Lest Clong   Sinck   Salet   Clond   Clonds   Cl   | 124 124 14 15 Standys 1 2 2 2 4 3 2 4 5 2  | 1 224 224 224 234 US Bc; 155 641 639 641 + 1 USDspn 10 45 45 45 15 15 15 16 16 16 16 16 16 16 16 16 16 16 16 16  | 0 1 58 81 3034 3076<br>0 28 375 324 376<br>64 274 259 254 -3-18<br>5 718 8134 31 3114<br>12 285 414 414 414  | RISES Exch 12pc 99-02 £10 Treas 10pc 2004 £97' Barclays Brooke Tool Burmah Oil Davy Corp Disons Group Etam EGUS A  |
|   | PicSav         123         255a         255b         255a         25  | 19 43 - 3 Syncor 19 503 301 11 Syncor 19 60 60 12 Syncor 10 60 60 12 Syncor 10 11 12 Syncor 11 12 Syncor 12 213 229 + 3 Syncor 12 71 77 - 1 Syncor 11 71 77 - 1 Syncor 11 71 71 14 1 Syncor 11 71 71 14 1 Syncor 11 71 71 14 1 Syncor 11 3ysung 11 3ysung 11 3ysung 12 35 - 1 1 Sysung 12 35 - 1 1 Sysung 13 3ysung 14 74 8 - 1 Sysung 15 14 5 5 5 5 5 5 5   | 116  | 1167 87 68 83 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1  | Imperial Group 1 Isotron 1 Land Sec 2 Low (Robert H) Noble & Lund  |
|   | PriceCo 236 534 527 5534 4 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5   | 34 214 224 18 17CA Cb .12 12 12 12 12 12 12 12 12 12 12 12 12 1  | 199 5 45 47 47 Will-Tell 4 914 914 914 Will- 151 151- 151- 151- 151- 151- 151- 171 101- 91- 91- 91- 91- Will- 171 101- 91- 91- 91- Will- 171 101- 161- 171- 16- Will- 171 101- 161- 161- 161- 161- 161- 161- 161  | W W  .96 248 2014 1979 2014 + 19 24 45 1312 13 1314 37 7 878 7  1.78 428 25 2314 2475 - 13 .60 86 25 248 2475 + 13 .243 1552 1579 1514 - 14 .20 774 7 7  .40 30 1512 1314 1312 .33 1414 14 1414 19 .881 1714 1612 1659 12 .5 772 775 772 .169 1296 12 1214 - 12  | s  |
|   | Outcome 130 4 31s 4 18s 18s 18s 130 13 14 14 14 14 15 15 15 15 15 15 15 15 15 15 15 15 15  | 74 28 29'4 72'4 - '5 72'8 - '16 7 | 3   10   10   10   10   10   10   10   | .40 111 187 18 167 + 16<br>.88 241 8113 31 31 315<br>.88 241 8113 31 315<br>.87 2157 121 1114 12 + 3<br>.86 121 1114 12 + 3<br>.86 121 1214 121 + 3<br>.86 121 1214 1214 1214 1214 1214 1214 1214  | the<br>no  |
|   | Reading   S2   21 t   21 t   27 t   2 t    | 8-5 18 164 + 14 8 28 28 11-2 21-2 21-3 USLICE .80 40-4 42 48-2 13 UTL 15 55-4 25-5 25-5 1-3 Units y .08e 16 8-18 19 - 14 Units y .08e 16 55-4 45 45-4 + 15 Units 106 55-4 45 45-4 + 15 Units 2.40 4 55-2 231, 244-1 Units 0.6 13 71-7 67-8 78 41-14-15 14-15 Units 0.6 13 42 14-15 Units 0.6 13 45-14-15 Units 0.6 1 | 22 7'4 7'5 7'4 1 Woodhat 15 25'4 25'4 25'4 1 2 Woodhat 16 25'4 25'4 25'4 1 2 Woodhat 17 25'4 25'4 25'4 1 2 Woodhat 18 25'4 25'4 25'4 1 2 Woodhat 18 25'4 25'4 25'4 25'4 1 2 Woodhat 18 25'4 25'4 25'4 25'4 1 2 Woodhat 19 25'4 25'4 25'4 25'4 1 2 Woodhat 1 | .60 18 13\(\frac{1}{2}\) 13\(\frac{1}\) 13\(\frac{1}{2}\) 13\(\fra | da<br>we<br>sul<br>Co  |
|   | NYSE COMPOSITE PI  |  | 7 115, 115, 115, 1 18, 1 18 Zymos  | 3508 1-16 2 15-18 3  | Į  |
|   | 12 Month   | ow Sauck Din. Yld. E 100s High Low   |  | P/ Sis Class Prey. V. Yid E 100s High Low Quote Class  | **************************************   |
|   | Continued from Page 39  61-2 Willed St. St. 41-41-41-41-39-27  81-81-Wilshro.10 1.614 98 61-61-61-61-18  261-275 Wilshro.10 1.614 98 61-61-61-18  261-74 Winshg.20 1.710 503 114-112-114-18  261-74 Winshg.20 1.710 503 114-112-114-18  275-38- Winshri 17-7-7-7-18-18  275-38- Winshri 17-7-7-7-18-18  281-275-38- Winshri 17-18-7-7-18-18  281-275-38- Winshri 17-18-7-18-18-18-18-18-18-18-18-18-18-18-18-18-   | 14 WiscPL2.94 9.7 2 331 391; 39 14 WiscPL2.68 7.3 8 69 4391; 385; 37 385; 385; 385; 385; 385; 385; 385; 385;   | 391, +36 238 151, Wynns 80 39 +14 37 -16 551, 331, Xerox 1118 +16 55 461, Xerox 154 2119 4656 +14 2119 836 Zapate 84 334 579 25 Zapate 84 374 -18 30 172 Zenthal   | X Y Z<br>3 5523 2313 554 547 547 1 1 2 1 5 5 545 545 - 3 1 1 5 5 545 545 - 3 1 1 5 5 545 545 - 3 1 1 1 5 5 545 545 - 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1   |  |

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| NEW VARY   |  | Ind  | ices   | July July<br>15 T2   | July July<br>11 10   | 1985<br>High Low  |
| NEW YORK. DOW J  | 1 1 1 1  | 1965 Storm Compilation   | AUSTRALIA  |  |  |   |
| July July July 15 15 12 11 Industrials 1,341.17 1,338.60 3,337   | 70 1,332.86 1,321.91 1,328.41 1338   | .60 1184.96 1338.60 41.22  | All and [1/1/80]<br>Metals & Mies. (1/1/80)  | 203.3 908.2<br>508.3 515.5   | 907.8 905.9<br>518 0 523.7   | 901.8 (11/7) 715 3 (7/1)<br>583.0 (20/5) 362 5 (7/1)  |
| Transport 890.89* 887.97 676   |  | 97 553.03 687.97 12.32   | AUSTRIA<br>Credit Aktine (2/1/82)  | 98.94 88.40  | 27.10 97.77  | 195 13 (17/8) 85 21 (24/1)  |
| UniTaties 169.01* 168.91 167.  | 112/7  | 1  | BELGRAN<br>Brussels SE (1/1/80)  | 1329.30 2337.61  | 2330 25 2330.34  | 1 2384.12  5/8  2090 7  18/1  |
|  | 8m 188.1m 99.0m 83.5m -  |  | DENMARK<br>Coponhagan SE (3/1/83)  | a/s 209,3  | 211,59 209.38  | 211.59 (11/7) 158 44 (8/1)  |
|  |  | no 21 Year Ago (Approx)  | FRANCE<br>CAC General (31/12/82)   | clased 212.80  | 218,3 218.2  | 233.1 (31/5) 180 2 (3/1)  |
| and Div Yield %  | 4.58 4.59 4  | .63 5.84   | Ind Tendence (28/12/84)  | closed 125,40  | 124 88 123 1   | 138 4 (31/5) 100 1 (3/1)  |
| STANDARD AND POORS  July July July July 15 12 11   | y July July July   | 986 Since Compilerion  | GERMANY<br>FAZ Aktion (31/12/58)<br>Compressions (1/12/53)   | 473 89 475 48<br>1388.0 1391,1   |  | 502.62 (5/7) 382 39 (3/1)<br>1478.8 (4/1) 1111.8 (3/1)  |
| Industrials 212.72° 212.48 212.2   |  | <del> </del>   | HONG KONG<br>Hang Seng Bank (31/7/64)  | 1640.49 1815.78  | 1597,81 1573,41  | 1847.88 )17/5)1229.74 (2/1)   |
| Composite 213,51* 193,29 192.5   | 94 192.37 191.85 191.83 193.29<br>(12/7)   | 183.68 193.29 4.40<br>(12/7/85) [1/6/32]   | ITALY<br>Sence Comm., Ital. (1972)   | 347.27 349.15  | 347.26 344.79  | 349.15 )12/7) 228 56 (2/1)  |
|  |  | a 28 Year Ago (Approx)   | JAPAN  |  |  |   |
| ad div yield the   | 11.99 11.96 11   | 7.72 4.32<br>18.85<br>18.7 13.31   | Nikkel-Daw (18/5/49)<br>Tokyo SE New (4/1/88)<br>METHERLANDS   | 1029.60 1048,86  |  | 9 13040,10 (8/7) 11545 2 (5/1)<br>1055.81 (8/7) 918 93 (4/1)  |
| LY.S.E ALL COMMON  |  | SES AND FALLS  | ANP-CBS General (1970)<br>ANP-CBS Indust (1970)  | 218.7 217.49<br>183.3 184.5  | 218.5 215.1<br>184.5 181.3   | 220.8 (8/7) 185 8 (3/1)<br>186.5 (8/7) 147.9 (3/1)  |
| July July July July 15 12 11 12 16   | 1985   | July July July<br>12 11 10   | NORWAY<br>Date SE (4/1/83)   | 329,46 325,79  | 320.97 321.48  |   |
| 112.28 112.13 111.55 111.50 112  | 13 94.60 Rives   | 2.021 1.993 1.884<br>848 843 990   | SINGAPORE<br>Streets Times (1968)  | 717.95 725.27  | 734,78 745.03  | 852,85 (7/3) 717.95 (15/7)  |
| (12  | /7) (4/1) Falls  | 661 512 565<br>514 431 429   | SOUTH AFRICA<br>JSE Gold (28/9/78)   | - 952.8  | 981.7 m/o  | 1140.8 (15/4) 836,1 (11/2)  |
| Stacks 3.00  | New York Active Stocks   | Stocks 3.86p.m. Compa  | JSE Indust (28/9/76)<br>SPAIN  | - 1034,8   | 1830,2 n/a   | 1034,8  12/7  187,1  1/3  |
| 2,907,286 2  | ica na Dey<br>2½ - ¾ Asu Hap Sup<br>1¼ - ¾ Ne ical Ps  | Traded Price to Day 1,164,708 44% +2%  | Madrid SE (28/12/84)<br>SWEDEN   | 107,00 109.86  | 110.52 110.56  | 117.41 (4/2) 101,48 (2/1)   |
| Cley El  | 31/4 years East Air  | 778,288 744 + 7/8  | SWITZERLAND  |  |  | 1 1486,98   11/2) 1265,32   9/7)  |
| Advances 758 Declines 713  | 5% +2Vs Jac Eckerd   | 753,188 26% -3ve   | Swiss Back Cpa.<br>(31/12/58)  | 458.8 484.8  | 481.1 458.3  | 469.1 (8/7) 386,7 (3/1)   |
| DHORES July 15   | July July July   | 1985   | WORLD<br>Capital Ind. (1/1/70)   | - 220.6  | 218.8 218.7  | 218.4 220.8 (12/7)  |
| Mesnis & Minis 1,995<br>Composite 2,743  | 3* 1,679.5 1,667.2 1,655.6 2196  | High Low 1.7 (13/2) 1886.0 (4/1) (1.1 ) 5/8) 2348.5 (8/1)  | all ladices are 100 except Aus   | ralia All Ordinary an  | d Mounts - 500 MYS   | 28.43 TSE 795.87 Base values of<br>E All Common - 50 Standard and   |
| AONTREAL Portfolio 135.9   |  | 1.56 (5/6) 2348.6 (8/1)  |  |  |  | asad 1275 and Montreal Portoko<br>Utilinga Financials and 20 Trans-   |





01-13 44 4 FINANCIAL TIMES SCANDINAVIA
Rosenhorggade 5 A
1130 Copenhagen K



### bank leumi (uk) plc

**Interest Rates** 

Bank Leumi (UK) plc announces that with effect from 17th July 1985 its base rate for lending is reduced from 12.5 per cent to 12 per cent per annum.

שבנק לאומי bankleumi בנק לאומי

### Grindlays Bank p.l.c. **Interest Rates**

Grindlays Bank p.l.c. announces that its base rate for lending will change from  $12\frac{1}{2}\%$  to 12%with effect from 16th July 1985

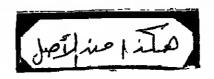


Head Office: Grindlays Bank plc, Minerva House, Montague Close, London SE1 9DH.

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New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo



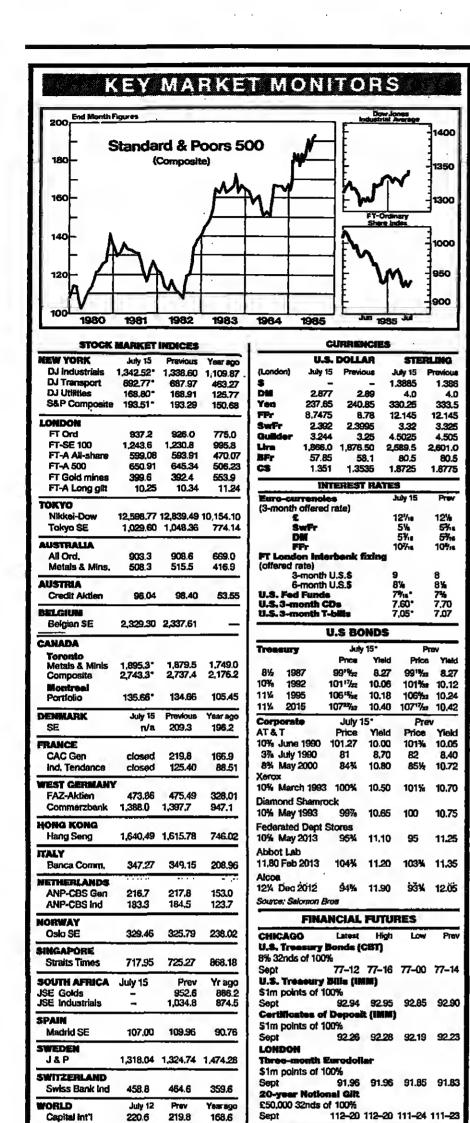
# Financial Times Tuesday July 16 1985 NYSE COMPOSITE PRICES

### **IAMEX COMPOSITE PRICES**

Prices at 3pm, July 15

| 3 <sub>6</sub> | NYSE COMPOSITE PRICES  | AMEX COMPOSITE PRICES  Prices at 3pm, July 15  |
|----------------|--|--|
|                | 12   Number  | See  |
|                |  |  |
| ¥              | se-dividend also extra[a]). b-annual rate of dividend plus stock dividend. citd-casked d-new yearty low, e-dividend declared or, paid in preceding 12 months, subject to 15% non-residence tax. International control of the peer, omitted, deferred, or no action taken at latent dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of tracking, not-maxt day delivery. P/E-price-saming track of the peer of split, also seeks. The high-low range begins with the start of tracking, not-maxt day delivery. P/E-price-saming track of the peer of split, also seeks. The high-low range begins with the start of tracking not-maxt day delivery. P/E-price-saming track of the peer of split, also seeks. The high-low range begins with the start of tracking not-maxt day delivery. P/E-price-saming track of the peer of split, also seeks. The high-low range begins with the start of tracking not-maxt day delivery. P/E-price-saming track of the price of split, also seeks. The high-low range begins with the start of tracking not-maxt day delivery. P/E-price-saming track of the price of split, also seeks. The high-low range begins with the start of tracking not-maxt day delivery. P/E-price-saming track of the price of split, also seeks. The high-low range begins with the start of tracking not-maxt day delivery. P/E-price-saming track of the price of split, also seeks. The high-low range begins with the start of tracking not-max day delivery. P/E-price-saming track of the price of split, also seeks. The high-low range begins with the start of tracking not-max day delivery. P/E-price-saming track of the price of split, also seeks. The high-low range begins with the start of the price of split also split tracking not-max day delivery. P/E-price-saming track of the price of split also split tracking not specifically also split tracking not specifically also split tracking not specifically also split tracking not specifical | Carrent 0.98 331 4'2 4'3 4'3 - 18 Eighn 155 14'4 14 14'4 14 14'4 15 Carrent 1 596 15'4 15'4 15'4 15'4 15'5 14'4 14 14'4 14 14'4 15 Carrent 1 596 15'4 15'4 15'4 15'4 15'4 15'4 15'4 15'4 |

### FINANCIAL TIMES WORLD STOCK MARKETS



219.8

July 15 \$316.50

S318.25

\$314.83

\$317.25

\$318,40

July 15

436.15p

£1,039,50

£1,643.00

**GOLD** (per ounce)

COMMODITIES

168.6

\$316.25

\$315.75

\$313.54

\$314.45

\$319.20

Prev 436.40p £1,046.50

£1,671.00

1700

Capital int'l

London

Zürich

Paris (fixing)

Luxembourd

(London)

New York (Aug)

Silver (spot fixing)

Oil (spot Arabian light)

' Latest avadable figure

Copper (cash) Coffee (July)

**WALL STREET** 

### Boardroom figures feed rally

**FAVOURABLE** indications on corporate profits during the second quarter offset worries on Wall Street yesterday over the range of uncertainties surrounding the U.S. economy and the dollar, writes

Terry Byland in New York.

The market leaders rallied from a dull start as excellent results from the banks were followed by a satisfactory report from IBM. However, trading focused around the blue chips, with the broader market slow to respond.

At 3pm, the Dow Jones industrial average was up 3.92 at 1,342.52.

Bonds opened cautiously as the market digested the latest signs that the economy is slowing down, and braced itself for the mid-year report on Federal Reserve policy to be delivered tomorrow by Mr Paul Volcker, the Fed's chairman. With some analysts suggesting that the Fed would ignore the renewed up-

surge in money supply and ease credit policies in order to revive the economy. bond prices began to edge forward at mid-session

The quarterly reporting season for U.S. industry made a strong start, with computer stocks moving higher as the market responded favourably to trading statements from IBM and several other technology leaders. Lower profits from the sector were expected, and the market was relieved by the absence of any new surprises.

At \$125%, IBM added \$1% after its results, which were comfortably inside the range of expectations.

NCR edged up \$1/4 to \$31% after results. Burroughs gained \$1% to \$58, Digital Equipment \$1 to \$95%, Control Data 5% to \$28% and Honeywell \$% to \$82%.

Intel, the semiconductor group, gained \$½ to \$27 despite a poor trading statement, which included disappointing comments on the market outlook.

The weak spot was AT&T, which fell \$% to \$22% in hefty trading after two brokerage analysts downgraded the stock and others lowered earnings estimates. The telephone company is trying to hreak into the computer markets, while simultaneously resisting IBM's headlong attack on its own telephone husiness.

Meanwhile, the financial sector ran into profit-taking following news of substantial increases in profits at major banks. Chase Manhattan dipped \$% to \$61%, while J.P. Morgan fell \$1% to

First Chicago Bank, at \$24%, lost \$1/2 after the board stated its support for Mr Barry Sullivan, the chairman.

As the latest sales figures from the motor industry trickled through the market, General Motors eased \$% to \$68 but Ford added \$% to \$43% and Chrysler \$¼ to \$34½. After a weak start, airline issues took

off again, responding to the slide in world fuel prices. United added \$% to \$57% and Eastern, having denied intentions of bidding for TWA, gained \$% to \$9%. Pan American rose \$% to a new 52 week high of \$7%.

Hospital management stocks were poised for statements from Baxter Travenol and Hospital Corp of America (HCA), both seeking mergers with American Hospital Supply (AHS). Sus-pension of the three on the NYSE quickly stimulated trading in the third, or offfloor market, and quotes were restored on the hig board. At \$44%, AHS jumped \$2% on hopes of better terms, while Baxter at \$15 was \$% off and HCA at \$49%, was down 51/4.

The most active share was Crown Zellerbach, \$1/2 down at \$411/2, on turnover exceeding 2m shares, with Sir James Goldsmith, the UK entrepreneur, believed to be buying in an effort to thwart the company's restructuring

Other active issues included Levi Strauss, \$1% up at \$47 against the proposed management buyout at \$50 a share. Upjohn, still benefiting from opti-mism for its anti-baldness drug, added \$1 to \$121%. But Jack Eckerd, the drugstore group, fell \$% to \$25% when the board's repurchase of the stake held by Dart Group terminated the takeover

In the credit markets, short-term rates remained steady behind a federal funds rate at 71/14 per cent, at which level the Fed disclosed a further \$2bn in customer repurchase arrangements.

The bond market lay dormant after

edging higher at mid-session. Bond prices have failed to break through testing peaks of 109%, and now seem to be awaiting a more clear indication of the policies of the Federal Reserve.

#### **EUROPE**

### Weak dollar erodes confidence

THE DOLLAR'S weakness against major currencies further eroded investor confidence on European bourses yesterday with West German and Swiss stocks under the most sustained selling.

Export-oriented companies, particularly electrical, chemical and motor stocks suffered the heaviest declines as investors expressed fears about the impact the dollar's decline will have on earnings

In Frankfurt the Commerzbank index fell 9.7 to 1,388, influenced heavily by the sharp price mark-down in the automotive sector which had shown steady recent advances on expectations of robust returns from U.S. sales.

Daimler was among the heaviest los-ers, ending at a low for the day of DM 839, down DM 24.

BMW also closed at a low for the session with a DM 21 decline to DM 400, while Volkswagen shed DM 10.50 to DM 303.50 and Porsche slipped DM 16 to DM

The Paris bourse was closed for the Bastille Day national holiday.

1,349, although it was DM 45 down at one stage. Other sectors were under relatively less pressure and price changes were less marked, although few stocks escaped selling.

Among electrical stocks, Siemens dropped DM 13.50 to close at a low of DM 534 and AEG lost DM 1.80 to DM

Losses in the chemical sector were within a narrow range. Hoechst eased DM 4 to DM 220 while Bayer fell DM 5.20 to DM 219.80 and BASF.DM 4.90 to

Falls among the banks were generally lighter with Deutsche off DM 8.50 to DM 557, Commerzbank down DM 2.80 to DM 210 and Dresdner DM 1.50 easier at DM 255.50.

The bond market closed barely changed after a quiet session. The Bun-desbank sold DM 13.7m worth of paper, compared with sales totalling DM 17m last Friday.

In Zurich profit-taking compounded

the weak general tone which existed as a result of the dollar's fall and was sufficient to send the prices of most leading industrial stocks lower. Ciba-Geigy was clipped hack SwFr 90

to SwFr 3,510, while among other chemi-cal stocks, Sandoz lost SwFr 375 to SwFr 8,225 and Hoffmann La Roche moved against the general tone to firm SwFr 75 to SwFr 9,800.

Banks were also down. Crédit Suisse fell SwFr 45 to SwFr 2,920 with Union Bank off SwFr 30 to SwFr 4,270

A hesitant mood pervaded during trading in Amsterdam with mild selling making a small dint in the recent in-

The largest losers included Akzo down Fl 1.20 to Fl 115.80, Philips 50 cents lower at FI 49.30 and Unilever off FI 1.50 at FI 351. KLM was sheltered from most of the selling and eased only 10 cents to Fl

Banks were mixed with ABN off FI 1 to FI 478, while Amro added 40 cents to FI 86.80 and NMB 20 cents to FI 208.70. Insurers eased with Aegon declining 50 cents to Fl 97.80 and Amev shedding Fl 3

While the Brussels market closed lower, the resignation of M Jean Gol, the Belgian deputy prime minister played little part in the decline with investors continuing to concentrate on fundamen-tals to influence their stance.

Among leading stocks, Petrofina fell BFr 40 to BFr 5,610 and Gevaert BFr 30 to BFr 3,920, while Kredietbank led a weaker banking and financial sector with a BFr 40 decline to BFr 2,220.

Milan prices eased as operators squared positions on the last day of the bourse's month. However trading re-mained active. Montedison eased a modest L9 to L2,100 following reports that one-third of the company's capital had been acquired by U.S. and UK investors.

Madrid was marginally firmer in light trading while Stockholm slipped hack into dull trading with few movements among blue chip issues.

#### TOKYO

### Late demand puts brake on decline

A BROADLY based decline took Tokyo lower yesterday although the late reappearance of demand for some construction issues - after some heavy morning selling – managed to alleviate the gloom, writes Shigeo Nishiwaki of Jift Press. The Nikkei-Dow market average

plummeted 378 at one stage, before picking up to finish a net 240.72 lower at 12,598.77. It was the sixth successive daily decline - the longest series of declines since October 1982. Transactions totalled 655.50m shares, down from Friday's 785.88m. Losers outpaced gainers

635 to 231, with 83 issues unchanged. Construction and cement stocks advanced last week, reflecting possible early starts of major projects, like a highway across Tokyo Bay. But they opened lower yesterday with investors apparently thinking prices had gone up too far. The price index for construction issues compiled by the Tokyo Stock Exchange had increased for nine straight sessions from 851 on July 2 to 767 last Friday.

Constructions continued as the most actively traded sector. Talsel Corp, dropped Y2 at one point, but finished up Y12 at Y324 on buying by dealing sections of brokerage houses.

Tekken Construction, gained Y50 to Y485, and Kumagai Gumi closed at Y785, up Y11, after temporarily losing Y24. But Penta-Ocean went down Y3 to Y370, Oh-Cement lost Y20 to Y355.

Reflecting the yen's advance against the dollar, large-capital issues firmed for the first time in many sessions, bought by institutional investors and dealing

sections of securities houses.
Ishikawajima-Harima Heavy Industries topped the active list with 26.46m shares, gaining Y13 to Y181. Nippon Steel added Y9 to Y166 on the second heaviest trading of 23.57m shares. Tokyo Electric Power closed Y10 higher at Y2,190, but Mitsubishi Heavy Industries shed Y7 to Y320.

Biotechnologies lost ground on small-lot selling. Yamanouchi Pharmaceutical lost Y50 to Y2,650 to Y2,650 and Green Cross and Tanabe Seiyaku fell Y100 each to Y2,000 and Y990, respectively. Toyojozo finished Y90 down at Y1,190 and Asahi Chemical Y25 lower at Y815. Trading was active on the bond mar-

ket as institutional investors increasingly believed that the official discount rate would be cut in autumn. The yield on the benchmark 8.8 per cent government bonds maturing in December 1994 sharply declined from Friday's 8.365 per cent to 8.320 per cent.

#### LONDON

### **Ingredients** mix into strong tonic

BANKS BASE lending rate cuts, continuing buoyant retail sales and a strong pound were a tonic for trading in London yesterday. The tone of business im-proved throughout the day to leave a broad range of leading industrial issues

to close higher on increased turnover. The FT Ordinary share index finished at its high for the day with a 11.2 advance to 937.2.

Fresh demand took longer dated government stocks up to a full point higher. Shorter maturities made only small net improvements, while index-linked issues suffered from views that the Government was following policies designed to reduce the rate of inflation to around 4 per cent

Chief price changes, Page 37; Details, Page 36; Share information service, Pages 34-15

#### **HONG KONG**

THE unexpectedly large one percentage point reduction to 7 per cent in Hong Kong's prime rate provided the stimulus for a round of early buying which took shares near their high for the year by midmorning.

But in subsequent, more measured trading, prices eased back and the Hang Seng index finished 24.71 higher on balance at 1,640.49, having been 30 points higher at its best level of the day.

Property companies were among the major beneficiaries of the prime rate cut. Cheung Kong rose 30 cents to HK\$17.20 and Hongkong and Kowloon Wharf 5 cents to HK\$6.40

#### SINGAPORE

HEAVY SELLING by foreign investors left Singapore in decline for the third consecutive session and the Straits Times industrial index shed 7.23 to

Losses were registered by all the major stock sectors although turnover dipped to a light 9.3m shares.

Among actively traded stocks, Promet eased 2 cents to S\$1.05, while Pahang Consolidated was unchanged at 49 cents and Singapore Press lost 5 cents to S\$5.40.

### CANADA

A BROAD ADVANCE was registered by stock prices in Toronto as trading got off to a busy start. Among actively traded issues, Rogers

Cablesystems shed C\$% to C\$14% as the company began a distribution of 1.5m shares at C\$13.75. Alcan Aluminium put on C5% to

C\$33%, Canadian Pacific C\$% to C\$18% and Husky Oil C\$% to C\$9%. Montreal was led ahead by advances

in the industrial, utility and bank indices.

### **AUSTRALIA**

PROFIT-TAKING and a more cautious approach to recent takeover speculation left Sydney lower and the All Ordinaries index at 903.3 was 5.5 down from Friday's record high. Castlemaine Tooheys which advanced

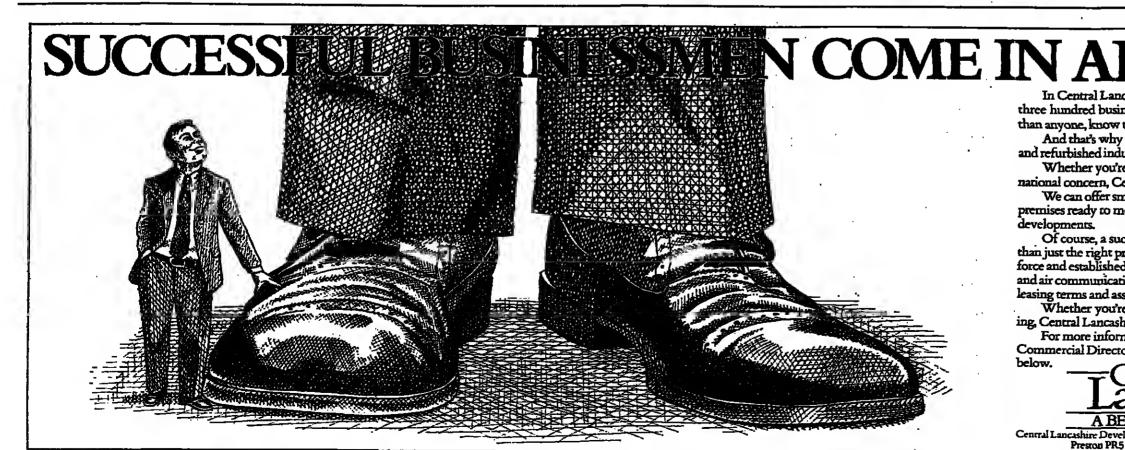
more than 90 cents on Friday, fell back 38 cents to A\$7.36

The firmer local currency provided a further depressant for the mining and resource sectors,

### **SOUTH AFRICA**

GOLD SHARES ended mixed in Johannesburg after a lethargic day's trading. Southvaal managed a 35 cent advance to R80 while South Roodepoort picked up an early 5 cent decline to end unchanged at R3.25.

Rustenburg Platinum attracted some steady buying demand throughout the day, closing 30 cents higher at R15.90.



112-20 112-20 111-24 111-23

**Hong Kong** 

Hang Seng Inde

In Central Lancashire we've already housed more than three hundred businesses on our industrial parks. So we, more than anyone, know that no two companies are the same. And that's why we provide a comprehensive range of new

and refurbished industrial premises for a wide variety of needs. Whether you're just starting up or are already a multi-

national concern, Central Lancashire has something to suit you. We can offer small workshops, nursery factories, large scale premises ready to move into, or superb sites for purpose built developments.

Of course, a successful industrial location needs a lot more than just the right premises. As well as a highly skilled workforce and established markets, you'll also find first class road, rail and air communications. And, what's more, we can offer flexible leasing terms and assistance for your start-up period.

Whether you're just getting started, relocating, or expanding, Central Lancashire is tailor made for you. For more information telephone Bill McNab FRICS,

Commercial Director on Preston 38211. Or write to the address

Preston PR5 6AX. Telephone: Preston (0772) 38211.

# FINANCIAL TIMES SURVEY

# Vansand LightTrucks

Japanese vehicles are making large gains in Europe. aided by a series of co-operation and production deals. Attention in the highly-competitive medium van market now focuses on the Transit's replacement, and the prospects for its many rivals.

### Europe's makers face the attack

Motor Industry Correspondent

WESTERN EUROPE'S producers of light commercial vehicles have been forced to retreat in the face of a determined challenge from the markets.

into Europe for the first time. These will be vans made by its 25-per-cent-owned associate, Then Daimler Benz, that most

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FRICA

**Equipped** •

some bottlenecks.

next year.

the German company intends to

D-B took control of MEVOSA

Spanish government which was

determined to get its auto-motive industry into better competitive shape for the time when Spain joins the Common

Market-now set for January

pressure from the

By Kenneth Gooding 17 are companies scrambling for the available business, At the start of their cam-paign, in 1980, the Japanese accounted for only 11.8 per cent. cent-owned subsidiary. Hence the arrangement with Mitsu-bishi. The Japanase vans will of medium van registrations. 1987 at the plant in Vitoria in Northern Spain and the initial output will be an annual 10,000. Last year, after another 2.8 per-

centage points gain, they reached 21.3 per cent of Western Europe's 14 major Japanese, who have completely changed the sbape of the industry in the past five years.

Two recent events sbow just how hard the European backs are against the wall:

First, Ford announced it will bring built-up Japanese vehicles into Europe for the first rime. it is represented by the Trans-porter, dropped from 20.2 per cent to 15 per cent. Ford's Transit van in 1980 took 18.5

per cent of available sales; last year it had just 13.5 per cent. Then Daimier-Benz, that most chanvinistic West German bas also declined nver the group; revealed it is to period, VW's sales dropped co-operate with Mitsubishi to produce the Japanese group's L-300 series van in Spain for trations slumped from 123,000 to 86,000:

trations slumped from 123,000 to some European and North
African markets.

Both companies are reacting one of the very few automotive markets on the European medium open to Japanese the European medium open to Japanese the European product of the European product of the European product of the European product of the Service of the European product of the Service van market. Five years ago the year Japanese van sales in West Motor Derica the leader in the five European producers shared Germany accelerated from medium van sector and has



25,200 to 33,500 and their pene-tration soared by 6.7 points, vehicle, the Patrol, and the from 19.4 per cent to 26.1 per cent.

Vanette van to the Iberica range, Nissan hopes to make an Land Rover Santana, 45-per-cent owned by BL's Land Rover

squeeze—it does not make cent owned by BL's Land Rover small vans because it has no company and ranked third inexpensive car components among the medium commercial available to build into them. available to build into them. producers in Spain, has added a

But it needs such a vehicle
Suzuki four-wheel-drive vehicle
in Spain for Marcedes-Benz to its production and launched in Spain for Merceus-Denie in the domestic market at Espana, the former MEVOSA it no the domestic market at group, which is now a 64.2 per the Barcelona Motor Show in May. The Suzuki Jimny commenced subsidiary. Hence plements the typical Land Rover vehicle, because it is much be assembled from the end of smaller.

Enasa, the state owned Spanish group, was about to complete a deal to replace its old Sava van range with one based on the Isuzu WFR. Then negotiations started for a much. Japanese began to push their wider association—possibly a sales. The vans are small in takeover—with General Motors. size but bave relatively large the world's largest automotive payload capacity, up to 800kg. The vans will be equipped with diesel engines from M-B Espana's Barcelona factory and increase capacity at the assembly plant from 24,000 to 29,000 a year by opening up group and owner of Bedford in Britain,

However, as GM also owns 35 per cent of Isuzu, if the U.S. group does take control of Enasa the van deal will almost certainly go ahead. Waiting on the sidelines, in case the Americans withdraw, is Toyota, Japan's largest automotive company. Toyota is also interested in acquiring Enasa, So there is no doubt that, one way or another, Enasa will be prodocting vans based on Japanese vehicles before very long.

Spain makes an attractive and the Transit. The Japanese And the deal with Mitsublshi makes it almost certain that Japonese vans will make a clean sweep of the available opportunities in Spain.

Nissam has taken control of

hand, Spain will remain relatively protected because the high tariff barriers it put up in the past to protect its weak looking at other European mar-

The Japanese have their eyes and exchange rates would make particularly on finly and Japanese imports viable. France, two major markets practically which vehicle imports from Japan,

The process has already started—but with the UK as the base. General Motors is building "European" versions of the Isuzu WFR vans at the Bedford plant in Britain. The Bedford Midl vans, as they are called, recently went on sale in France

and italy through CM's Opel car dealer networks. The Midi and the Mitsubishi L-300 are vehicles which were little known in Europe until the

Ford says that sales in Europe of these vans jumped from under 10,000 in 1980 to 35,000 in 1983. The sector has become too large to ignore yet not large enough to make the development and production of

base from which the Japanese vans will be sold at first through can tackle-other European Community markets with "European" products. On the other company expects to register

So far Daimler-Benz: the annual 7,000 Vanertes for Spain industry will not finally be disthe worst of the Japanese. Land Rover Santana. 45-persqueeze\_it squeeze\_it squeeze\_ prices charged for rival products purpose-built van market

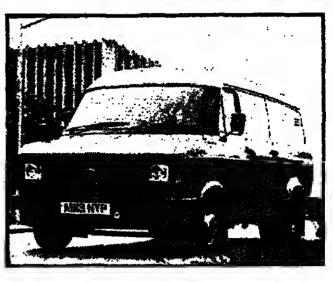
The Japanese first made their exclude presence felt in the European commercial vehicle business vans but five years ago moved up to medium vans with higher value. There is some evidence that the process of moving up markflet will continue because the Japanese are now showing for light trucks.

Toyota, Mazda and Isuzu all exhibited trucks, Mitsublshi pre-sented its six-tonne range and Hino showed medium rigid trucks in the 1 Oto 15 toooe class at the Brussels Motor Show in January.

Mr John Lawson, head of DRI Europe's automotive group, says: "This is a development which augurs increasing competition in "entural" countries those which have no vehicle producers of their owo) like Belgium itself, even if the presence in weight range currently

slight."
He predicts that the slx-tonne sector is the most likely candidate for greater Japanese penetration in the near term but "Mitsubishi, with assembly operations in Portugal and Holland, and Hino; which recently came close to a joint production deal with Britain's ERF, are clearly concerned to

CONTINUED ON PAGE 2



Left: Advance view of Ford's new Transit during trials in Finland, and (above) the familiar van it will replace. The new Transit enters a sector with many challengers

### looking at other European mar- Japan's penetration of W. Europe

| (market share %)     |       |       |      |      |      |              |
|----------------------|-------|-------|------|------|------|--------------|
|                      | 1980  | 1981  | 1982 | 1983 | 1984 | <b>†1985</b> |
| Austria              | 12.0  | 23.5  | 22.0 | 27.2 | 27.4 | 24.3         |
| Belgium/Luxembourg   | 30.1  | 36.5  | 23.7 | 36.8 | 37.3 | 37.1         |
| Denmark              | 33.2  | 35.6  | 37.9 | 47.0 | 58.7 |              |
| Finland              | 44.1  | 53.8  | 60.4 | 66.8 | 68.3 |              |
| France               | 6.7   | 5.5   | 6.1  | 6.4  | 7.7  |              |
| reland               | 47.3  | 67.3  | 65.6 | 67.8 | 60.1 |              |
| Italy                | 0     | 0     | 0    | 0    | 0    | 0            |
| Netherlands          | 17.5  | 23.2  | 21.5 | 26.9 | 32.4 | 33.3         |
| Norway               | 41.4  | 48.7  | 47.2 | 42.6 | 51.1 | 46.0         |
| Portngal             | 52.2  | 59.2  | 49.8 | 55.1 | 51.3 |              |
| Spain                | 0     | 0     | 0    | 0    | 0    | 0            |
| Sweden               | 19.5  | 18.0  | 22.2 | 24.8 | 29.6 |              |
| Switzerland          | 30.1  | 38.5  | 40.5 | 40.1 | 44.1 | 40.4         |
| UK                   | 13.2  | 18.8  | 12.0 | 14.6 | 15.2 | 14.0         |
| West Germany         | 4.5   | 11.7  | 13.8 | 19.4 | 26.1 | 27.8         |
| Total Western Europe | 11.8  | 16.7  | 16.4 | 1g.8 | 21.6 | 21.1         |
| † First              | threc | quart | CTS. |      |      |              |
| 7 First              | threc | dnou  | CTS, |      |      |              |

industry sources.

| In this Survey |   |                   |  |
|----------------|---|-------------------|--|
| The UK         | 2 | Profile: Convesco |  |
| The U.S.       | 2 | Medium size vans  |  |
| West Germany   | 3 | Light trucks      |  |
| Italy          | 3 | Car-derived vans  |  |
| France         | 4 | Four-wheel drive  |  |
| Spain          | 4 | Dríver's víew     |  |
| Japan          | 5 | Diesels           |  |
|                |   | Electric vehicles |  |

# T'S LIKE HAVING EVERY HTH GALLON

Don't be deceived by that familiar Transit bonnet line: beneath it lurks an economic mirade.

The first-ever direct injection diesel developed specially for the medium van. Test drive it, and you'll be so impressed by the way the 2.5 litre Di moves you could well miss what doesn't. The fuel gauge.

THE COMPETITION CAN'T COMPETE
Even in mixed driving, semi-laden, Ford calculate a one-tonne Transit Di is capable of 36 mpg.\*

Over 25,000 miles – less than a year's driving for many "trunking" vans - such miserly thirst makes the Di about £150 cheaper to run than the next best fuel

8420 REX

efficient van on the market. It really is like having every eighth gallon free.

It's also like having your cake and eating it. So simple is the new engine that it cuts overheads as well as consumption: so efficient is it that all the

familiar drawbacks of diesel van operation are removed at a stroke. MORE POWER FROM LESS FUEL Gone is the glow-plug, the waiting and wondering about ignition.

Gone, too, is the ponderous twostage combustion process of indirect injection, which blows so many unburnt hydrocarbons out through the exhaust and gives diesel its "smelly" reputation.

The development by Ford of "swirl" technology (see diagram) enables faster, more thorough mixing of air with fuel, and their combustion a split-second later in the one place where energy can be translated.

directly into output. The piston grown. While the Di sips less than any comparable diesel, it revs more freely and develops maximum torque higher in the power band. At the same time, careful choice of gear ratios means that it drives and accelerates like a petrol engine.

As a result, you feel the benefits in the two places that count most: under your right foot and in your wallet. AWARD-WINNING ECONOMY.

To prove it, we've picked up a Design Council award for an engine that "leads the way in which manufacturers will move in future to improve fuel economy."

> WHAT'S A GARAGE? While the Transit Di is speedy on the road, you'll find that it's no quicker into the garage.

Simple oil and filter changes at 6,000 miles, and major service intervals only at 12,000, make the Di

as cheap to run as it is to fuel. More than £130 million has been invested by Ford in giving the Di its unique blend of economy with performance, so it's hardly surprising the others have some

catching up to do. With fuel the price it is, though, can you afford to wait?

"Fuer economy figures are an average of the ELA urban cycle and a constant 56 mph, and both performance and fuel economy are measured and calculated by Ford Motor Company Limited in fine with EEC procedure 80 1368-EEC, or manufacturers published figures.

FORD TRANSIT FORD CARES ABOUT QUALITY.



Above: Bedford's 1 tonne Midi van, based on the Isuzu WFR, is already making its mark. Below: The Remark 4 van, for many years Europe's best-selling commercial vehicle

### Europe's makers face the attack

CONTINUED FROM PAGE 1

maintain o European profila et higher weights." Meanwhile, there is no doubt about the most important event for Europe's light commercial vehicle sector in the near term. Early next year Ford will launch the replacement for its 20-year-old Transit, for much of its life Europe'e best-selling medium van.

medium van.

During the past five years the

Transit has had to cope not
just with Japanse competition.

There has also been a stream
of desirable new vehicles from
its European rivals: the new
VW Transporter, the Renault
Traffic, Fiot'a Ducato, tha
Peugeot J5, Citroen C25 and
Talbot Express.

Talbot Express.
But sales of the Transit have held up relatively well in spite of the intense competition, thanks to Ford's strong and well-spread dealer network in Furney Transit output actually Europe. Transit output actually rose last year, from 83,000 to 89,200 with the help of Ford's direct-injection diesel, launchad

in the van in April, 1984.
Ford has spent well over £200m for highly-automated equipment for its van plants et Southampton in Britain and Genk in Belgium to put the new Transit into production. It should be money well-spent because the company believes the medium van sector will be the fastest-growing in Europe's commercial vehicle market, rising from 641,000 last year to 710,000 in 1990 or possibly—

The company also predicts that diesel vans will be 1990 take 85 per cent of the business compared with 55 per cent today and that every market in Europe, bar the UK and West Germany, will switch almost entirely to diesel power.

entirely to diesel power.

Europe's light commercial sector was relatively weak last year. Output of vans up to 3.5 tonnes gross weight (including car-based vans which Ford did not include in the previously-mentioned forecast) fell last year to 770,000 in the five major production countries (France, Italy, the Netherlands, West Germany and the UK). This was a 6.7 per cent fall from the 82,000 for 1983.

DRI Europe forecasts a

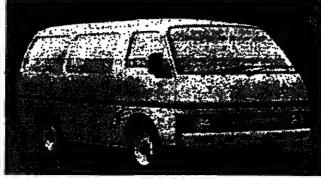
DRI Europe forecasts a recovery to \$13,000 this year and then a steady climb to \$78,000 by 1990.

**Forecasters** 

Production of light and medium rigid trucks (3.5 to 14.9 tonnes gross weight) was also depressed in 1984 at 150,700 against 157,000 the previous year. DRI reckons that output this year will be about 156,000, rising to 169,500 by

The forecasters feel that for the foreseeable future light commercial vehicle output in Europe will not return to the 1930 level. In that year the Europeans produced 979,300 vans of up to 3.5 tonnes weight and 245,400 light and medium

But then came the Japanese





Market shares in Western Europe

|                    | 1300  | TSOT  | 1992  | 1993       | 1984  |
|--------------------|-------|-------|-------|------------|-------|
| Light CVs (000) ,  | 353.6 | 348.2 | 396.8 | 434.8      | 418.8 |
| Renault            | 34.6  | 36.7  | 36.3  | 33.3       | 30.1  |
| Peugeot Group      | 25.2  | 22.9  | 20.2  | 17.2       | 16.2  |
| Japanese           | 5.4   | 8.2   | 10.1  | 10.8       | 11.4  |
| Flat               | 19.0  | 10.6  | 9,7   | 10.0       | 11.1  |
| Ford               | 4.6   | 3.5   | 4.1   | 4.0        | 6.5   |
| General Motors     | 4.6   | 3.5   | 41    | 4.9        | 6.5   |
| Seat               | 0.5   | 0.6   | 1.8   | 4.7        | 5.4   |
|                    | 7.9   | 5.8   | 5.2   | 6.1        | 4.7   |
|                    |       |       |       |            |       |
| VW (VAG)           | 1.0   | 2.1   | 2.8   | 4.0        | 3.8   |
| Other source       | 0.1   | 0.1   | 0.1   | 0.2        | 0.2   |
| Medium CVs ('000)  | 664.6 | 643.9 | 637.5 | 651.6      | 641.2 |
| Japanese           | 11.8  | 16.7  | 16.4  | 18.5       | 21.6  |
| VW (VAG)           | 20.2  | 19.5  | 17.3  | 16.3       | 14.9  |
| Ford               | 18.5  | 14.8  | 18.0  | 14.3       | 13.4  |
| Pengeot Group      | 11.1  | 9.1   | 10.5  | 9.8        | 9.2   |
| Flat               | 6,4   | 5.8   | 7.9   | 8.9        | 9.3   |
| Renault Group      | 3.2   | 8.5   | 8.6   | 8.6        | 8.7   |
|                    | 3.8   | 9.1   | 9.1   |            |       |
| Mercedes           |       |       |       | 8.6        | 8.6   |
| BL                 | 4.3   | 3.7   | 3.6   | 4.5        | 4.5   |
| General Motors     | 6.8   | 6.2   | 4.6   | 3.6        | 3.6   |
| Mtr. Iberica       | 1.9   | 1.7   | 1.5   | 1.8        | 1.9   |
| Lada Niva          | 1.4   | 6.9   | 1.1   | 1.3        | 1.2   |
| Land Rover Santana | 1.3   | 1.3   | 1.1   | 0.6        | _     |
|                    |       |       |       | adustry so |       |

The UK'S production

Light truck diesel 1983 1984 Light truck Panel van Car-darived van Car-derived van Panel van petrol 1983 1984 diesel 1983 1984 petrol 1983 1984 petrol 1883 1984 1983 1,300 6,260 3,150 13,180 16,415 9,545 9,925 5,195 5,715 25,145 18,040 21,230 25,880 10,920 9,275 35,085 47,265 11,835 4,460 4,460 2,725 13,440 2,495 30,410 2,620 34,675

## All eyes on the new

The UK JOHN GRIFFITHS

THE current state of the UK medium van market could be compared to that of a mediaeval compared to that of a mediaeval country facing a change of sovereign. The undisputed king for 20 years, though far from dead, is fading and in not many months will be gone. Parts of the kingdom are being picked off by would-be usurpers. But amid all their warrings, they keep glancing uneasily to the South, from where the king's from where the king's

heir will rise. . . . South lies Southampton, where Ford has invested £74m in sophisticated new facilities to produce the successor to the Transit, currently eode-named

Throughout much of its life, the Transit had been not only the UK's single best-selling commercial vehicle, but Europe's as well. With considerable help from the economical 2.5 litre directly-injected diesel engine odded to the Transit's specification last year (a project which in itself year (a project which in itself cost Ford \$198m), it has retained clear market leader-ship in the UK ahead of main Freight Rover and

Almost certaintly, that will remain the case until its successor — which will carry the same name — is launched early next

year.

But not even Ford's muchedmired marketing ebilities 
have been eble to prevent e 
vehicle which once eccounted 
for approaching balf the sales in 
its market sectors from beginning to slip back.

In 1983, the Transit bad a 29.9 per cent share of the market for vans of between 1.8 and 2.5 tonnes gross vehicla weight, and larger versions 47.3 per cent of the 2-3.5 tonnes sector. Last year, the Transit lost hardly any ground in the lighter sector (28.7 per cent), but the heavier vans fell back to 43.3 per cent. In the first five months of this

year overall, the lighter Tran-sit's share has octually increased slightly — but the 29.3 per cent figure shrouds a plunge to about 25 per cent in both April and May. The larger van's share

and May. The larger van's share in the first five months dipped to 40.8 per cent, and to 34.7 per cent in May.

This has taken place, according to some of its rivals, despite Ford, with Renault being among the most active in the market in terms of promotional activities.

tional activities.

The Transit has had to cope not just with edvancing age, but with the crowding into the UK. marketplece during the past three or four years of an unpre-cedented number of new rivals. The threat from Japanese producers has been nowhere near as intense as in other European markets, because of tha Angio-Japanese "gentlemen's

restricting

the

vans sector to a maximum of 11 per cent.

per cent.
But apart from a revitalised
Freight Rover (BL's specialist
vannaking subsidiary), the
Transit has been facing oppositinn from Volkswagen's Transporter, Renault's Trafie/Master, the Express range from Talbot; the Ducato from Flot, Peugeot J5, Citroen C25 and a wide range from Mercedes.

Meanwhila, the CF van produced by Bedford, General Motors' UK commercial vehicles erm, is now being complemented by a new 1-tonne van, the Midi (based on Isuzu of Jepan's WFR) which, though smaller, already shows signs of stealing sales in the traditional medium ways seator.

medium vans sector. None of Ford's rivals is under any Illusions, however, about the severity of the challenga they will face from the new Transit from early next year. Indicative of Ford's view on the subject is that whereas it built 89,200 Transits last year, it is creating capacity for 135,000 of the new

model.

It expects 80 per cent of production to be diesel, in lina with its view that diesels will capture virtually the entire European market for medium vans by the end of the decade. Its direct injection unit, a "world first" for o medium van. has a roughly 15 per cent fuel economy advantage over conventional, indirectly-injected diesels. And it has an aero-dynamie shape rumoured to alip

director of Freight Rover, ack-nowledges it as representing "very formidable competition... but companies like Freight Rover will each respond in their

own way."

In Freight Rover's case, that will mean a number of specification changes to its Sherpa ranges this year, aimed or maintaining the rapid progress the company has made since it came close to

has made since it cama close to being shut down in 1981. In that year, Freight Rover produced 9,000 vans and had a sector market shere of just over 3 per cent. This year, with half the 1981 workforce, it expects to produce about 20,000. Over tha past ten to 11 months, Mr Simpson points out, it has been taking ebout 14 per cent. A significant contribution has been made by the 210, a larger.

A significant contribution has been made by the 210, a larger, wide-bodies version of the Sherpa which extended Freight Rover's market coverage upwards into the 2.8-3.5 tonnes sector. The sector has become an increasingly important one, growing from 28,000 units a year in 1981 to, predicts Mr Simpson, 47,000 units this year. The growth, he suggests, is partly the result of former operators of light trucks becoming more aware of the carrying

ing more aware of the carrying capacity of the larger vans and the advantages of not needing an operator's licence up to the

an operator's licence up to the 3.5 tonns break-point.
Equally, operators who used to run two smaller vans, he suggests, are finding that they can often meet their requirements with a single large van.

# The new Nissan diesels

Examine the case for a new Nissan diesel and you'll soon reach your verdict. Like all Nissan commercials they're superbly designed and engineered for reliable, durable service. They're fully specified too, with

high levels of equipment as standard. It all adds up to such excellent value for money, it will laugh the competition right out of court.

The Cabstar Diesel really does mean business. The advanced 2488cc OHV engine delivers 72 bhp at 4,000 rpm for plenty of load pulling power for payloads up to 1855 kg. Equipment includes ● 5 Speed gearbox

 Spacious load platform 10 ft. x 5 ft. Folding sides and tailgate ● Powerful heating/Ventilation system ● Push button radio • Laminated windscreen

Double passenger seat



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The Urvan Diesel performs reliably and economically in the most demanding work conditions. The new 2289cc OHV engine produces 67 bhp at 4,000 rpm for effortless load pulling of payloads up to 1250 kg. Standard features include • 5 Speed gearbox ● Push button radio Two speed wipers ● Power

assisted front disc brakes Heavy duty suspension Large sliding side door and a wide high lift tailgate for easy access to a cargo area 10ft long by 5ft wide with a corrugated floor for



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### Stylists meet family demand for vans

The U.S.

TERRY DODSWORTH

YOUNG, urban professionals, the so-called "yupples," who are reviled as the "hriefcase cless' yet slavishly pursued by every marketing executive in the U.S., bave some strangely

According to a new study, they now account for more than half of the small van and minivan market in the U.S., two of the fastest-growing market sectors in America's commercial vehicle category.

The study, commissioned by Newsweek magazine, shows that pickups and vans have broken away decisively from their tra-ditional market base as workthrough market hase as work-horse vehicles bought primarily for business purposes. The majority of buyers are from middle-income groups earning about £35,000 a year. Most are college-educated and a signifi-cant number use their yans as the primary household vehicle. Many go to work in them as

### Remodelled

None of this would beve happened without a classic demonstration of supply-side economics—the creation of a market by U.S. manufacturers who developed a range of new products that look very dif-ferent from their predecessors. These remodelled vehicles cover These remodelled vehicles cover the full gamut of the market, from robust, but modishly-styled pickups such as the Ford Ranger and Chevrolet S-10, to the re-designed Jeep range and the growing cluster of minivans. The combined effect of the renewed interest in these light commercials was to push sales

renewed interest in these light commercials was to push sales of vehicles in the class 1-3 categories (weighing up to 14,000 lhs, or seven U.S. tonnes) to a record 3.9m units. This total was tha highest since 1979, when the industry registered 3.3m sales in these sectors, and just 1m more than in 1984.

Most companies did well with

Most companies did well with their light conventional trucks, which provide the mainstay of the market. But the most lively action was in the newly-promoted market sectors, such as the compact (ie small) pickas the compact (ie small) pickups, the compact sport unity
vehicles (van-shaped models
with full windows like a car),
or the compact passenger vans.
In the minivan sector,
for axample, Chryster's early
success with what was regarded
as a daring gamble at the beginning of 1984, has led to booming sales and e market which
has grown from nothing to well
nver 200,000 vehicles last year.
The vast majority of those
sales were provided by Chryster
itself, with its Caravan end
Voyager models, although
Toyota sold 34,000 of its imported version. Significantly,
about 76 per cent of respondents to tha Newsweek questionnaire said they had bought one
of the Chrysler versions.

No one in the U.S. ever has renewed vigour over the last the monopoly of a good idea 18 months. Sales practically for long, and both General doubled last year, to 140,000 Motors and Ford are now units, and in the first four moving in on Chrysler's patch months of this year were runwith minivan vehicles of their ming confortably ahead of last Motors and Ford are now units, and in the first four moving in on Chrysler's patch with minivan vehicles of their own. GM's Astro, competitively priced against the \$9,000 The other big newcomer to Chrysler products, which have U.S. production was Nissan, the been going at a premium over language company which is

its larger competitor with its own Aerostar, an extremely slickly - styled serodynamic

Compact pickups produced just as bright a performance last year, as the domestic manufacturers increased their sales from 427,000 units to 547,000, and the importers from

Thie has been a flercely competitive market since its development as part of the Californian beach cult but it is now beginning to take second

now beginning to take second place in the growth stakes to the compact sport utility vehicles, where the U.S. producers and the importers are fighting another fierce bettle—with the domestic manufacturers well in the lead for once.

The key products here are the Blazer tange from GM, the Ford Bronco 11, and American Motors Cherokee and Wagoneer XJ vehicles. Sales overall soared last year to 429,000 units from 247,000 in the previous year, the sort of growth rate thet the sort of growth rate thet produce fat margins for manufacturer; trying to keep pace with demand.

GM has scored particularly heevily in this market, with sales of its Chevrolet Blazer "5" jumping from 80,000 to "5" jumping from 80,000 to 140,000, and of its Jimmy "S" from 15,000 to 38,000. But American Motors, the U.S. affiliate of Renault, has experiaminate of Renguit has experi-enced an equally sharp growth curve with its new Cherokee XJ range, which came from virtually nothing in 1983 to sales of 56,000 last year. Indeed, the Jeep division of American Motors, which makes tha Cherokee along with a variety of derivatives of the traditional Jeep range, has suddenly shown signs of

been going at a premium over Japanese company, which in their sticker price, is now on 1984 had its first full year of output from its recently-con-structed Smyrna plant in Ford looks as though it will structed Smyrna plant in be at least six months behind Tennessee, Nissan's pickup sales reached 95,000. tinuing to grow this year.

So far this year, sales in hie light van and pickup sector are continuing well ahead of 1984. with total registrations reaching 1.4m against 1.1m to the end of April. Manufacturers are expecting the pace to slow a little in the second half, and for the year as a whole are forecasting a market only slightly up on last year's et 3.8m units.

### Hybrid

After that, they expect a dip in 1986 and then a continuation of strong growth for the light van market, which appears to be emerging as a hybrid hetween the formerly distinct commercial vehicle and car markets.

markets.

The driving force in the development of this new sector, say the marketing men is the need of many families for vehicles that combine the traditional comfort of a saloon with the versatility and carrying capacity of a small truck or

pickup.

Perhaps the key to this

Perhaps the key to this change lies in the attention the stylists have given to these sort of vehicles for the first time. They have come up with products that appeal to women as much as man and therefore much as men, and therefore have a hroadar attraction to the average household.

Revealingly enough, Jeep has found that 40 per cent of its drivers today are women, and with more and more women now which note and more women now taking to the roads, the reliability of these vehicles, which often have four-wheel-drive as well, counts heavily in

### U.S. sales by sector

|                         | 1083      | 1984      |
|-------------------------|-----------|-----------|
| Light conventional      | 1,065,350 | 1.268.550 |
| Compact domestia pickup | 427,200   | 547.050   |
| Compact import pickup   | 461,900   | 578.585   |
| Specialty pickup        | 43.765    | 39.63     |
| Standard sport ntility  | 108.950   | 131,565   |
| Compact sport ntility   | 247.450   | 429,249   |
| Standard van            | 428,145   | 445,990   |
| Compact van             | 18        | 37.450    |
| Standard passenger van  | 103,630   | 111.820   |
| Compact passenger van   | 16.260    | 202,350   |
| Truck station wagon     | 07.670    | 86.055    |
| Total light duty        | 2,968,425 | 3,877,680 |

## Manufacturers enlist Japan's product strengths

**West Germany** JOHN DAYIES

"WHY SHOULD we leave the market to the Japanese without a fight?" Such questions have been confronting motor vehicle executives as competition from Japan and sluggish economic trends have added to pressures in the West German market for smaller commercial vehicles.
As part of its strategy in the face of this challenge, Ford has decided there are advantages in turning to Jepan itself to exploit Japanese strengths in the small

Japanese strengths in the small van sector of the commercial vehicle market. As a result, Ford is currently preparing for its West German launching of the Econovan, made by Mazda, its Jepanese associate, in which it has a 25 per cent stake. The van, with a payload of up to 800 kg, will file a gap between the car-derived Ford Fiesta Express and Ford Escort Express on the one hand and the Transit vans and transthe Transit vans and trans-porters on the other. But Ford

took the view that it would not be economical to develop and build such a van just for

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Norway and Denmark. Import restrictions prevent it being w. Germany's production sold in the UK, France or Italy, the company points out.

The van will be one of the array of vehicles launched by

manufacturers at the Frankfurt Show in September. Ford's plans envisage sales of about 3,500 a year in West Germany and perhaps 1,000 a year in Norway and Denmark combined. Ford company statistics show that its share of the total West German market for light- and

medium - weight commercial vehicles has slipped from a peak of 15.5 per cent in 1979 to 9 per cent in 1983 and 8.5 per cent last year. The Transits, in their particular sector of the market, bad an 8.8 per cent share last year, compared with 9.3 per cent in 1988.

The combination of a sluggish market and more interes.

market and more intense com-petition hit Volkswagen's commercial vehicle operations severely in recent years, with production and market share in West Germany coming under

Output of VW's Type 2 transporters at its Hanover plant declined from 217,875 in 1980 to 155,500 in 1983 but the be economical to develop and to 155,500 in 1983 but the decline was halted last year. Europe.

The Econovan is already being offered, with either a Mazda or Ford badge, in Japan, Australia, New Zealand, Malaysia and some other markets. It is to be offered, only under the Ford badge, in West Germany, has been finding a revival in

Car-derived van Car-derived van Panel van petrol 1983 Panel van Light truck Light truck diesel 1983 petrol 1983 1 diesel diesel 1984 1983 1983 1984 Daimler-Benz ..... 3,960 44,530 16,550 20,790 Ford GM Opel ..... 5,410 11,180 9,320 VW-MAN

Italy's production Cap-derived van Car-derived van petrol 1983 Panel van Panel van Light truck diesel diesel diesel 1984 1984 1984 12,278 50 20,294 950 34,126 31,516 428 20,309 29,619 81,760 15,607 11,109 8,282 6,796 34,595 28,989 21,054 20,344 18,547 5.548

which was a feature of life at for these vehicles are being which bas VW's support, is actually a joint venture of local tally, hut not West Germany. Daimler-demonstrates at Hanover (which plant Production has been runalso produces car engines) has ning recently at about 30 a day, been scaled down from 22,000 but is expected to be boosted which bas VW's support, is actually a joint venture of local actually a joint venture of local Tunisian businessmen, development hanks and the VW and which is produced through TAS been scaled down from 22,000 but is expected to include France and Italy, but not West Germany. Daimler-Tunisian businessmen, development hanks and the VW and which is produced through TAS and importers in Tunisia and in Yugoslavia for the local weight reached a peak of 53,335

some export markets, including the UK. In the first three months of this year, production of its Type 2 transporters was running 8.7 per cent ahead of a year earlier at 46,275. LT output was up 10.9 per cent at 6,900.

VW does not envisage any further short-time working, which was a feature of life at the Hanover plant. The number of employees at Hanover (which also produces car engines) has a produced through TAS.

To 18,300 over the past four to 40.

As part of its growing world-wide network, VW also plans to deliver knocked-down kits of small commercial vehicles for small commercial vehicles for assembly at a new factory to he four-wheel-drive small buses and the works of Steyr-Daimler-pluch as Graz in Austria. Kits passeoger cars. This project, which has the advantage of traditionally actually a joint venture of local Tunisian businessmen, development also produces car engines) has a contract the past four to 40.

As part of its growing world-wide network, VW also plans to deliver knocked-down kits of small commercial vehicles for small commercial vehicles for sasembly at a new factory to he four-wheel-drive small buses and sasemble Golf and Jetta passeoger cars. This project, which has the dwantage of traditionally actually a joint venture of local Tunisian businessmen, development hanks and the VW and which is produced through TAS

to modernise the range of light transporters being produced by Mercedes-Benz Eespana, its majority-owned Subsidiary in Spain. The vehicles, with payloads between 850 kg and 1,800 kg, are sold in Spain and in more than 20 export markets. The modernised models are due to start rolling off the assembly line at the Vitoria works by the end of next year.

The comment is also designed and up to 4 tonnes gross weight was running 5 per cent ahead of a year ago. This is substantially above the industry's average performance.

Daimler-Benz has fared relatively well in the difficult markets in recent years, while VW has borne more of the hrunt of Japanese pressure. In the amall van aector Japan's share has doubled in the past

The company is also joining Missubishi of Japan in developing a new tightweight model based on the Japanese manufacturer's L300. The vehicle, with a payload of up 10 800 kg, will

round out the model range in the lighter market sector. The jointly-developed model is due to go into production in Spain by the end of 1987 and initial outpt of 10,000 a year is envisaged. Daimler-Benz says the vehicle

bamier-Benz says the reincle
is to be marketed in Spain and
in "some export markets in
Europe and North Africa."
Although details have not been
finalised, these markets are
expected to include France and

Yugoslav market and export in 1980. After slipping to markets, In West Germany, the 44,795 in 1982, output has been Caddy has not lived up to moving up again, reaching original expectations and VW 46,510 in 1983 and 46,650 last

has been endeavouring to heighten the market's awareness of the Caddy's potential.

Daimler-Benz is taking steps to modernise the range of light and up to 4 tonnes gross weight and up to 4 t

WW has borne more of the hrunt of Japanese pressure. In the amall van aector Japan's share has doubled in the past four years, now exceeding a quarter of the total.

Among the Japanese manu-facturers intent on the German

market, Isuzu has received useful backing from General Motors of the U.S. GM has paved the way for its Japanese associate through doulers who also act for Opel, GM's Russels-heim-based car subsidiary. Overall, the West German market for vans and light trucks remains subdued.

New registrations of goods corrying vehicles of up to 2 tonnes gross weight fell to 12.850 last year from 14,285 in 1983, a 10.1 per cent drop. There was a decline of 5.6 per cent in new registrations of vehicles of over 2 tonnes and up to 4 tonnes gross weight. The total in this sector was 51,530, compared with 54,576 in 1983.



Flat's successful Ducato, seen here as a passenger carrier.

## Foreign makers fight back

Italy

JAMES BUXTON

FOR THE PAST few weeks the Italian media have been jammed with advertisements for one thing—foreign-made vans. The different foreign manufacturers of commercial vehicles are, in their separate ways, assaulting the pre-dominance of Friat Auto in the vans and light trucks.

Flat Auto has an even bigger share of the domestic market for vans than it has market for vans than it has of the car market. Its share went up from 40.4 per cent in 1981 to 53.2 per cent in 1982. But by last year it had peaked: the Turin-based company took 52.8 per cent of a market that was in fact fractionally smaller, at 96.575 tractionally smaller—at 96,575 vehicles—than that of the year before. This year Fiat Anto reckons it is holding its

The main reason for Fiat Anto's success in the Italian van market is the Ducato, a 1.3 tonne vehicle which Fiat introduced in late 1981. The Ducate immediately doubled the company's share of this sector—it went up from 26.7 per cent in 1981 to 56 per cent last year.

The Ducato range consists of smart modern vans and light trucks which are pro-duced to a standard of finish nsnally associated with cars.
The Ducato is made in a
highly-automated plant at Val
di Sangro on the Adriatic coast near Pescara, in a joint venture with the French PSA group. The van is marketed in France with Citroen, Peugeot and Talbot badges.

With the Ducato, Fiat filled a serious gap in its product range—which lacked a diesel van in this sector of the market, despite the fact that diesel fuel in Italy is one third cheaper than petrol.

The Ducato took market share away from Ford (with its Transit), as well as Renault, Bedford and Ley-

Now the foreign manufac-Now the foreign manufac-turers are fighting back. Fiat does not at this stage feel very worried—the company argues that when you reach the level of market penetra-tion it had achieved in 1983 you can hardly expect to in-crease it, especially as com-petitors bring out new models.

But Ford is pushing its new Transit as a direct com-petitor to the Ducato, and Bedford, Volkswagen and Mercedes are advertising. And in the smaller sector of the market—that for 500kg vans—the near saturation achieved by the box-like Flat Florino is now being challenged. Citroen has launched its C15 and Ford has put in the Escort. The result is that Fist Anto's share, which last year slipped to 86 per cent from 87.6 per cent of the year before, is now down to about 81 per cent, on the basis of Flat's own estimates for the first few months of this year.

In the sector for larger vehicles—those between 1.5 and 1.8 tonnes—Flat Anto has to confront competition from to contront competition from the Flat group itself. The Flat 242 is similar in appear-ance to the Daily and Grinta vans (in the 1.5 to 2.5 tonnes range) produced by Iveco, Flat's commercial vehicles subsidiary.

Choose

The Grinta/Daily range is stronger and many people choosing between it and the and the older petrol-engined Fiat 242 are inclined to go for the more powerful vehicle. The Fiat 252's share of its sector has declined to about 14 per cent in 1984, compared with 28.5 per cent in 1981.

.The Daily/Grinta range, on the other hand, has gradually pushed up its market share from 49 per cent of its sector in 1984 to an estimated 54 per cent this year, thanks in part to the introduction of a turbo-charged model.

Out of the 96,575 com-mercial vehicles sold in Italy last year, almost 51.000 were Flats and a further 12,500 were Ivecos. Ford had the next biggest market share with 10.8 per cent of the market, Renault 7.2 per cent, Volkswagen 5.8 per cent, General Motors (which includes Bedford) 4.2 per cent. Leyland sold only 81 vans, winning just 0.1 per cent of the market. cent of the market.

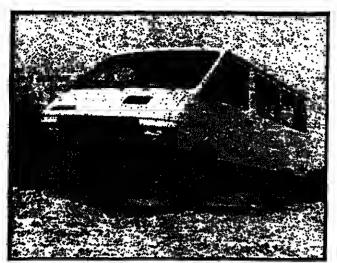
On the European scale, state has pushed its market share up from 8.8 per cent in 1983 to 10.1 per cent last year—in the seven major Euro-pean countries: Belgium, France, Germany, Italy, Holland, UK, Switzerland and Austria. The credit is given mainly to the Ducate which sells particularly well in West Germany. In France, of course, Fiat is represented only by the Fiorine.

The market share figures pnt Fiat in fifth place in the European market — behind Renault, Ford, Volkswagen and the Japanese manufac-



### THE MAESTRO VAN. NOW WE'RE MOTO

2. Manufacturer's economy figures under half payload: Maestro 500 High Compression: Simulated Urban Cycle 35.2mpg. Steady 55mph; 45.7mpg. Steady 75mph; 32.3mpg. Composite average calculated by combining 40% of the Urban cycle mpg. 50% of the steady 55mph mpg and 10% of the steady 75mph mpg figures. 3. Based on composite average for Maestro 500 High Compression 39.4mpg x 12 gallons = 472.8 mile range. NATIONWIDE CAR RENTALS RESERVATIONS THROUGH BRITISH CAR RENTAL. Tel: 0208-77223.



The Renault Trafic in its 4 x 4 version. Renault's Trafic and Master ranges have made significant inroads into the UK

| France's produ   |   |   |                            |                            | _  |   | _  |                          | _                        |                            | . <b>-</b>                          |
|--|---|---|----------------------------|----------------------------|--|---|--|--------------------------|--------------------------|----------------------------|-------------------------------------|
|  | Car-derived van<br>petrol<br>1983 1984              | Car-deri<br>die<br>1983                       | ived van<br>sel<br>1984    |                            | l van<br>trol<br>1984                        |   | el van<br>esel<br>1984                       |                          | truck<br>trol<br>1984    |                            | track<br>sel<br>198                 |
| PSA<br>Renault<br>Total                                | 75,845 64,325<br>137,835 100,395<br>213,680 164,720 | 21,575<br>8,535<br>30,110                     | 29,470<br>14,635<br>44,105 | 12,600<br>29,355<br>41,955 | 9,965<br>27,875<br>37,840                    | 18,280<br>30,370<br>48,650              | 16,630<br>36,125<br>52,755                   | 1                        | Ξ                        | 3,21 <del>0</del><br>3,310 | 2,31<br>2,31                        |
| iource: PRS.   |   |   |                            |                            |  |   |  |                          |                          |                            |                                     |
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| spain's produc   | ction   |   |                            |                            |  |   |  |                          |                          |                            |                                     |
| Spain's produc   | etion   | Car-deri<br>pet                               |                            | Car-deri                   |  |   | el van<br>troi                               |                          | el van<br>esel           | Light<br>die               | truck<br>sel                        |
| Spain's produc   | etion   | Car-deri<br>pet<br>1983                       |                            | Car-deri<br>dies<br>1983   |  |   | l van<br>troi<br>1984                        |                          |                          |                            | esel                                |
| CAF  |   | pet   | rol                        | dies                       | sel  | pe                                      | troi   | di<br>1983               | esel<br>1984<br>—        | 1983<br>—                  | :sel<br>198<br>—                    |
| CAF  | ***************************************             | pet   | rol                        | die:<br>1983               | sel  | pe                                      | troi   | 1983<br><br>8,222        | esel<br>1984<br>         | 1983<br>915                | sel<br>198<br>-<br>33               |
| CAF Daimler-Benz                                       |   | 1983<br>—                                     | 1984<br>—                  | die:<br>1983               | sel  | pe                                      | troi   | di<br>1983               | esel<br>1984<br>—        | 1983<br>—                  | sel<br>198<br>-<br>33               |
| CAF Daimler-Benz ENASA                                 |   | pet   | rol                        | dies<br>1983               | sel  | pe                                      | 1984<br>—                                    | 1983<br>8,222<br>3,679   | 7,740<br>3,365           | 915<br>165                 | :sel<br>198<br>33:<br>10            |
| CAF Daimler-Benz Ford Wissan                           |   | 1983<br>—<br>—<br>5,885                       | 7,100                      | dies<br>1983               | 1984<br>———————————————————————————————————— | 1983<br>—<br>—<br>—                     | 1984<br>—                                    | 1983<br><br>8,222        | esel<br>1984<br>         | 1983<br>915                | :sel<br>198-<br>33:<br>10           |
| CAF Daimler-Benz ENASA Ford Vissan PSA                 |   | pet<br>1983<br>—<br>—<br>5,885<br>20,685      | 7,100                      | dies<br>1983               | sel  | 1983<br>—<br>—<br>—                     | 1984<br>—                                    | 1983<br>8,222<br>3,679   | 7,740<br>3,365           | 915<br>165                 | :sel<br>198-<br>33:<br>10           |
| CAF Daimler-Benz ENASA Ford Vissan PSA Remault         |   | 1983<br>—<br>—<br>5,885                       | 7,100                      | dies<br>1983               | 1984<br>———————————————————————————————————— | 1983<br>—<br>—<br>—<br>—<br>—<br>—<br>— | 1984<br>———————————————————————————————————— | 8,222<br>3,679<br>13,978 | 7,740<br>3,365<br>15,040 | 915<br>165<br>2,680        | :sel<br>198:<br>33:<br>10:<br>1,55: |
| CAF Daimler-Benz ENASA Ford Nissan PSA Renault Santana |   | pet<br>1983<br>—<br>5,885<br>20,685<br>29,513 | 7,100<br>17,570<br>24,905  | dies<br>1983               | 1984<br>———————————————————————————————————— | 1983<br>—<br>—<br>—                     | 1984<br>—                                    | 1983<br>8,222<br>3,679   | 7,740<br>3,365           | 915<br>165                 | 335<br>1,555                        |
| Daimler-Benz ENASA Ford Nissan PSA Renault Santna      |   | pet<br>1983<br>—<br>—<br>5,885<br>20,685      | 7,100<br>17,570<br>24,905  | dies<br>1983<br>           | 1984<br>———————————————————————————————————— | 1983<br>—<br>—<br>—<br>—<br>—<br>—<br>— | 1984<br>———————————————————————————————————— | 8,222<br>3,679<br>13,978 | 7,740<br>3,365<br>15,040 | 915<br>165<br>2,680        |                                     |

### Japan connection brightens gloomy outlook

Spain DAYID WHITE

MORE THAN ever, Japan is the buzz word for people in Spain's vans and light trucks sector. Mercedes Benz Espana found a Japanese partner and Eansa wished it had one. Motor Iberica, the country's biggest producer, thanked its lucky stars that it had Nissan to fall

The outlook for the sector in Spain continues to be unis down and losses are up. The

man of Motor Iberica. He told its annual meeting last month that business was "frankly unfavourable on the economic front." Sr Echevarria then proceeded to extol the support that company had received from the company

the apalling burden. The Japanese have injected some \$125m into the company during the past 12 months through new share issues amd convertible bonds. The investment figure for the past year represents three times the initial outlay by Nissan in Motor

Nissan started with a 36 per cent stake in the Spanish com-pany which it acquired in 1980 from Massey-Ferguson. At present the Japanese giant owns
87 per cent of Motor Iberica,
a company which remains
Spain's biggest vans and light
trucks producers as well as the
sector's heaviest loser.

is down and losses are up. The remittingly gloomy. Production Japanese lifeline bas become something of a talisman.

Nobody knows this better than Sr Juan Echevarria chairman of Motor Iberica. He told its annual meeting last month that business was "frankly underly man of Motor Iberica. The future involves the progressive introduced with exports in mind by the future involves the progressive introduced with exports in mind by the future involves the progressive introduced with exports in mind by the future involves the progressive introduced with exports in the future involves the progressive introduced with exports in the future involves the progressive introduced with exports in the future involves the progressive introduced with exports in the future involves the progressive introduced with exports in the future involves the progressive introduced with exports in the future involves the progressive introduced with exports in the future involves the progressive introduced with exports in the future involves the progressive introduced with exports in the future involves the progressive introduced with exports in the future involves the progressive introduced with exports in the future involves the progressive introduced with exports in the future in the future involves the future invo



The Mitsubishi L-300 van which is to be built in Spain by

of 25.9 per cent by the Sandi holding, the Overseas Lending glance has been cast by Enasa Corporation, has plants in tha direction of Motor Vitoria as well as Barcelona liberica and Mercedes Benz which is Motor Iberica's operations centre.

Over the past five years

Vehicles, more than on envious glance has been cast by Enasa in the direction of Motor Iberica and Mercedes Benz Espana. The Spanish state-owned company is currently bolding talks with Toylor.

than Sr Juan Echevarria, chairman of Motor Iberica. He told its annual meeting last month that business was "frankly uniformed of the economic front." Sr Echevarria then proceeded to extol the support than company had received from Nissan.

For the second year running Motor Derica's losses were nearly double those of the previous year. In 1983 they had in 1984 they were up to Pts 95hm, The company 1994 production total for vans was 10.2 per cent down on the 1983 output and in light trucks it was 26.4 per cent on the previous year, Gamely Nissan shouldered.

Motor Iberica. The future of the past five years for the fact been pumped into Mercedes Benz Espana, in March the partent into the Pts 3.9bm it lost in the Pts 3.9bm it lost in 1984 they were up to Pts 9.5hm. The company 1994 production total for vans was 10.2 per cent down on the 1983 output and in light trucks it was 26.4 per cent on the previous year, family of the progressive introduction of all-Nissan technology and wants to rectain the hequired year so far for the lequered year so far for the thequired year so far for the degrees of the past favourd. The Spanish company had freely design the double those of the massive consistency of the Motors. The Spanish company had the U.S. colossus ini

partnership.

The guiding principle in the Spanish public sector group is that its automotive division can survive only if it has majority face value. There are signs at their face value. There are signs at the company's Barcelona headthat its automotive division can survive only if it has majority foreign partners. Thus INI is seeking to offload its car pro-ducer Seat on to Volkswagen of West Germany. In both the car and the truck divisions it is a question of replacing erstwhile partners—First in the case of Seat and International Harvester in the case of Emass.

However, Enasa is by all counts something of a handful where lasting relationships are concerned. The Spanish com-pany is proud of its Pegaso technology and wants to retain

by the Spanlards. INI and Spanlards. INI and Enasa executives have accordingly kept up a scarcely discreet filtration with Toyota to cover their bets and keep alive their hopes for a lasting partnership.

The guiding principle in the Spanish upblic sector group is

face value. There are signs at the company's Barcelona head-quarters of growing histation with the continuing bad results. "We did not foresee such a serious and long depression," a senior Nissan/Motor Rocrica executive said recently.

The Japanese parent company has in fact begun to do what all Spanish loss-making companies have done down the years: it has made a straight appeal to the Spanish Government for soft term state loans to help balance out the massive capital injections it is making in Motor Ingerical

Tax incentives boost sector

ctor despite the slowdown in

last year.

However, registrations also fell last year in the French van and light vehicle market by 8.8 per tent compared with the year before, with registrations totalling 315,827 small vehicles in 1984 against 346,318 in 1983. But French carmakers nonetheless found life somewhat easter in

this market sector than in the passenger car market.

This was especially true for Renault, the large state-owned car group how experiencing serious financial difficulties haven at ing reported record losses of FFr 12.55bn (\$1.5bn) for 1084. FFr 12.55bn (\$1.5bn) for 1084. Renaukt is now involved in a draconian restructuring programme under its new chairman, M Georgies Besse, involving, among other key espects, a reduction of 21,000 people in the group's domestic car division by the end of next year and a cut in concall car production. cut in overall car production to 1.5m a year from more shan

the domestic car market drop from 38.9 per cent in 1981 to from 38.9 per cent in 1981 to 31 per cent last year. However, in the light year. However, in the light years sector, Renauk's decisive has been less pronounced with its domestic market penceration failing from 48.2 per cent in 1981 to 45.3 per cent lest year. But the state group's market share has continued to fall during the fast four momins of this year to 39.3 per cent of the domestic light year and truck market.

The erosion of Renault's dominant position in France in this sector reflects the inroads made by its domestic rival.

this sector reflects the inroads made by its domestic rival. Peugeot, the privately wened group which includes the Peugeot, Talbot and Citroen marques. Peugeot and Citroen have had a resounding commercial success with their light van version of the Peugeot 305 supermini and in the case of Citroen with the small C 15. Last year, C 15 van registrations to alled 2,305 and in the first four months of this year the total is already 8,460.

continued to perform better than the domestic car market in general. Big tax incentives involving a significantly lower VAT rate of 18.7 per cent for passenger cars has cent for passenger cars has continued to sustain this market exter despite the stowdown in

of the Citroen BX medium'size car with registrations in the first four months of this year already close to the model's 1984 registration total.

These Peugeot and Citroen models have cashed in on the success of the passenger car versions of the 205 supermini and the BX. The 205 supermini and the BX. The 205 supermini and the BX to passenger for world railles has proved a huge boost for the private group, helping to spearbead its return to profit after many consecutive years of heavy losses.

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al market

WAY AND AND Mar Tark.

to profit after many consecutive years of heavy losses. In the face of this burst of competition from Peugeot, Renault is about to retaliate by launching a van version of its new Superfive mini car and due on the market later this year. The new Superfive van will also

France PAUL BETTS

halp complete Rengult's small car and van range complementing the Renault 4 van, one of the pillars of the state group's wan and light vehicle range still commanding nearly 15 per cent of the domestic market.

The Remault 4 van also continues to be the state group's major small van expurt model accounting for about 43,500 foreign sales out of a total of about 71,500 Renault light van

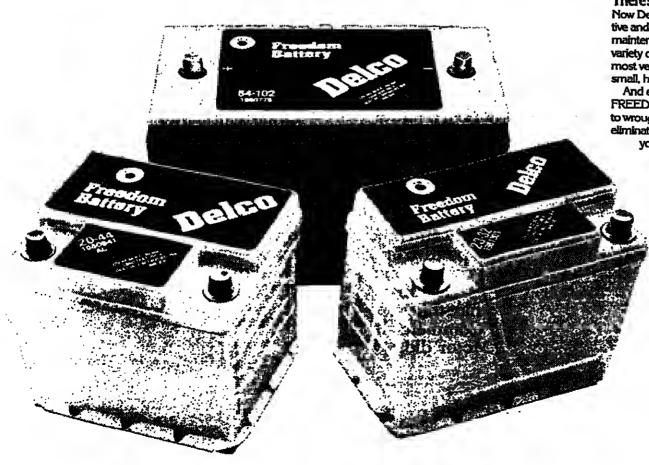
about 71,800 Renault light van exports.
For the two French car groups, it is the light end of the van and utility (or as they are known in France "petites vehicules utilitaires") market that hes shown the greater promise. In the highly competitive small truck sector, Peugeot continues to market a range of Peugeot and Citroen models based on the company's joint truck venture with Flat in Italy, Renault has a competing range Renault has a competing range with its Traffe and Master models.

Peugeot is also seeking to

expand its van production in new foreign markets, and re-cently signed a major industrial total is already 8,460.

As for the Peugeot 205
Version, sales have shot up to 7,035 vehicles in the first five Canton.

# A great start for any design.



There's a Delco Freedom Battery for you. Now Delco Remy can offer Europe's automotive and truck designers an extended line of maintenance-free Freedom Batteries. With a variety of sizes and performances to match most vehicle applications from big diesels to small, high-performance compact cars.

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> Tough, versatile automotive batteries. Delco Remy can deliver the performance plus the fiexibility you need to make your design work.

damage and contamination.

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Our factory in Sarreguernines, France, is the world's newest and most modern automotive battery facility.

#### Japan's output ('000s) (np to 2 tons loading capacity) 1984 †1985 †1986 -50.0 4.8 Domestic sales ..... Experts 1,738 1,630 1,600 Production 2,045 1,965 1,945 -4.9

### Marketing group with worldwide resources

**Profile: Convesco** 

KENNETH GOODING

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ISUZU OF Japan is building a substantial presence in Western Europe's light commercial vehicle market because it is receiving a great deal of belp from General Motors, the world's largest automotive

group.

The two companies put up \$1bn between them to establish a joint commercial vehicle marketing organisation called Convesco. GM made available the 6,500-strong car dealer network established over many years throughout Europe by its Opel subsidiary.

Vauxhall.

The car-derived van arrangements provide another illustration of the way GM attempts to make best use of its European assets.

Vauxhall.

The car-derived van arrangements provide another illustration of the way GM attempts to make best use of its European assets.

Vauxhall.

The car-derived van arrangements provide another illustration of the way GM attempts to make best use of its European assets.

Vauxhall.

subsidiary.

GM also is providing Isuzu

—via another subsidiary. Bedford in Britain—with the means
to build some vans in the UK,
so that they can qualify as
"European" products and thus
be sold in France and Italy,
markets which almost totally exclude vehicle imports from
Japan.

Japan.
Convecto tan sven use the Bedford name on Japanese-built isutu vehicles if that will help safet in markets where the British company sail has a reasonable reputation builtury is not known.
So in the Convecto project we have a perfect enample of a multi-national puting its

a multi-national putting its wondwide resources together for its own best advantage in a way not open to companies operating from one national base. And it might well provide a pattern which GM could follow in the future of the decides to bring Japanese cars han Europe for sale through Opel and Vanahall designations of the treatment of the decides to be any independent future for the Japanese concern. GM streaty has a 34.2 per cent therefolding in isdur with the option of taking it to 43 per cent.

with the option of taking at to 43 per cent.
But learn is very upset by any suggestion that it is not an independent company.
Sh, when Convesco was established in Ocnober 1963 with a headquarters, hist down the road from Opel in Russelsheim, West Garmany, Buzz provided \$400,000 for a 40 per cent stake while GM put up the rest of the \$1m for its 60 per cent stakes.

In return for this investment Issue provides the product, GM provides the distribution. Convesco is part of GM's world ruck and bus group, based at Pontiac, dischigan, bas a GM executive, Mr M "Ras" Razak, in charge, with Mr Koji Oto, with Isuzu, as his

The new company now employs 11 people at head office and 62 eisewhere in

operations stated in this countries: America, Belgium, Denmark, Finland, Holland, Norway, Sweden, Switzenland and West Germany. This year Convesco started celling in France, and Italy will soon be

### Combine

In 1984, according to Mr Ono. Convesco sold nearly 9,500 wehicles, more than half of them 5,000—in West Germany where the company has 120 of its 800 dealers. So far the change in GM's strategy has not benefited Bed-

ford to any great extent-athlough GM argues that by combining Bedford with Isuzui on the Continent it gives the UK company a chance to develop a stronger dealer network than it could hope for independently. However, while the Isuzii

light commercials make in ideal addition to the Opel range for any car dealer, the heavier Bedford vehicles require more specialised representation.

In its Bedford version, the

Japanese van is called the Midi. It uses engines, transmissions, steering gear and other com-ponents from Isuzu's Japanese plants but GM claims the vehicle is more than 60 per cent

British by exclutory value.
Production began in December and Bedford believes it can build and sell 15,000 this year, including 7,000 for export. The company bopes output of the Midi eventually will reach an annual 20,000 with about 45 per

cent going to export markets, by courtesy of Convesco.

Thus GM has taken steps to give Bedford a new product which should help stem the UK subsidiary's losses—£62.4m last year—while at the same time providing Convesco with a key vehicle to tackle the French and

† Forecast.
Source: International Motor Austress.

Italian markets.
Convesco will also sell in Italy vans derived from the new Opel Kadett/Vauxhall Astra car and made in Ellesmere Port on Merseyside by Vanxhall.

light four-wheel-drive vehicle which it calls the UBS and is sold in Europe as the Trooper. Most of the Isuzu vehicles Convesco sells are under 3.5 tonnes gross weight and include the KB one-tonne pick-up as well as the Trooper and WFR van. (The KB is imported into the UK from Japan with a Bed-ford badge already on it and sold through Vauxhall-Opel and Bedford outlets.)

However, Isuzu's KT-KS
truck range is sold in Switzerland, Finland, Portugal and
Greece, The KT-KS vehicles recently were replaced in Japan with the new N-series trucks. Issue was an imporant part of the "world" car project to pro-duce the "J" car, sold in Europe as the Opel Ascana or Vauxhall Cavaller. At one stage Isuzu was the sole supplier of the front-wheel-drive trans-missions for all the "J" cars sold in Europe and today still provides transmissions for the I.8 little versions of the Ascona/

Cavalier as well as the 1.6 litre models in the Opei Kadett/
Vauxhall Astra range.

About 500,000 of the transmissions are built a year at Isuzu's Fujitsma plant which also exports to GM's subsidiary in Australia and Chevrolet in

GM also offered another car project to Issue. The American group will be short of low-cost, small cars for its U.S. dealers until the 1990s so it encouraged Isuzu to develop a small car and to expand assembly and engine facilities to produce it. GM provided a convertible loan of \$200m towards this

loan of \$200m towards this scheme and, when converted, the entra money will take its shareholding to 43 per cent.

However, tha U.S. Government intervened. Issue intended to produce an annual \$00,000 of the cars and to send 200,000 to GM in the States. But the U.S. and Japanesse governments reached a ese governments reached "yolnntary export restraint" (VER) agreement which limited total Japanese car shipments to the States for three years from the mid-1980s. Isuzu'a quota was fixed at only 50,000

cars.
This set-back aent Isuzu plunging into a net loss for the year to October 1984: Y17.725bn (\$71.5m) compared with a Y5.285bn profit in the previous

The restrictions in tha U.S. have how been removed and Isuzu is forecasting a net Yöbn profit for its current financial

The other ties with GM in clude the shipment of mediumduty trucks from 9 to 15 tons for sale through the U.S. group's GMC subsidiary in the States to fill a gap in the GMC

Isuzu vehicles are assembled in 21 countries are assembled in 21 countries around the world but in most cases in partnership with GM. This includes assembly of Isuzu trucks by GM Portugal, a wholly-owned GM company.

GM company. What are the prospects for Convesco? Mr One says no targets have yet been fixed. But other observers believa Con-vesco bas o good chance of doubling unit sales in the next year or so and to double them again before 1990 as output of tha Bedford-built vans grows and the Isuzu ranga in Europe is expanded to include light and medium trucks.

## A struggle to keep up with demand

Japan IAN ROBERTSON

PRODUCTION OF light vans in PRODUCTION OF light vans in Japan hit a new record level of 3.35m units in 1984 — up by almost 10 per cent on the level for the previous year. Manufacturers struggled to keep pace with a new peak in domestic demand—up 4 per cent to more than 2.2m vehicles—and a substantial 16 per cent boost in stantial 16 per cent boost in built up exports to 1.75m units. There is little evidence of

There is little evidence of any slackening in the pace so far this yeer. Results to April show that output has risen by a further 5 per cent, although with the first signs of a downturn in exports, manufacturers are now relying more heavily on domestic demand to maintain this momentum.

The launch of several competitive new products (including 4WD variants), collaborative deals with Western producers, a domestic peak

1984 and the company relied on a moderate advance in domestic sales to maintain production.

After taking over from Toyota in 1982 as leading sup-Japan's domestic market, Suzuki bas progressively consolidated its position although Mitsobishi and Daihatsu are now gaining ground

To commercial vehicles to be leading producer Toyota, for this summer. From an initial 6.400 units, production is set to breach the 1m mark in 1985. Detail improvements for the built up to 15,000 vehicles per year.

Japan's domestic market, output of goods vehicles looks initial 6.400 units, production is to be built up to 15,000 vehicles per year. now gaining ground.

The Introduction of new ST90 van and pickup ranges has assisted Suzuki's sales ond the company has capitalised on the surge in domestic demand for microvans. With engines below 550cc, these midget models have been tailored to the nar-row winding streets of Japan's

Eruck atratagy) are also on an this year. In contrast, exports be traced to two sources. In technology transfer deals. The the European markets of Denexpansionary trend. Nissan is of midget vans are in sharp May this year the company company beads the mini commark. Norway and West Gerbeing hard pressed to lift out-decline. This has prompted a became the first Japanese promercial market in Taiwan, and many. About 5,000 examples are

output last year can be traced solely to increased exports, headed by the Hi-Lux range. In contrast, Nissan's exports of built np models fell back in 1984 production—due to the production of t largely to a decline in domestic sales of City and Civic Pro models — there is evidence of some recovery in output by Honda.

> the Hi-Ace, a further new variant, and a major change for the company's Lite-Ace van are all in the pipeline for early next year. Sales of the HI-Lux 4WD pickup are booming and sizeable contracts in China are being swelled by additional private exports through Crown Motors of Hong Kong.

collaborative deals with Western producers, a domestic peak
in replacement demand and
spiralling sales to the markets
of the U.S. and China—all bave
played a part in Japan's buoyant performance.

But not all manufacturers
Case. Among the volume producers, greatest progress base
decently been achieved by
Toyota and Mitsubishi. Daihastsu
and Issuzu (playing a growing further growth in the market

Took of thoug Kong.

Elsewbere, start-up at
not of though the volume producers, greatest progress base
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Motors of Hong Kong.

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assembly plant in Iodia is catending its Talwan
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and diesel versions of the comexported to seal on device versions of the comexported to fall back further
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Burope's light van sector. John
Mitsubishi has recently
beamented its relationship with
balanch of new B2000 pickups
and diesel versions of the comexported to save been tested in Save tested in Save tested to boost penetration of
Mitsubishi has recently
beau tested to boost penetratio

put back to 1981 levels, but it is growing trend towards fitting of overseas assembly facilities.

A 13 per cent lift in Toyota's

A 13 per cent lift in Toyota's

A 14 per cent lift in Toyota's

A 15 per cent lift in Toyota's

A 16 per cent lift in Toyota's

A 17 per cent boost in Toyota's

A 18 per cent lift in Toyota's

A 18 per cent lift in Toyota's

A 19 per cent lift in Toyo

the Nissan Vanette got under way at Motor Iberica in March. Exports to severol European countries, including the UK, France and Italy, are planned

been taken to raise assembly of 2 ton models from 24,000 to 60,000 nnits per year and substantial chonges in the com-pany's pickup range ore planned for 1986.

#### Joint production

output to more than 400,000 vans last year. Eighteen months ago, an 850 ce three-cylinder engine became available oo the company's 55 Wide van. It was

previously only available with a twin-cylinder 550 cc engine. Nine months later the range was expanded further with the was expanded further with the assembly of Isizu's 000-box addition of 1000 cc and 4WD options, and a 1 litre diesel engine Is on the way. An export order for 5,200 vans hes recently been secured as part of o deal with China, and there is speculation that U.S. exports could begin by 1987.

The Economist Publications (International Motor Business)

The U.S. leisure market is assisting strong sales of Mazda's pickup raoge. Exports to the U.S. climbed by over 20 per cent in 1984 as a result and cent in 1984 as a result and model line up was further strengthened in May with the launch of new B2000 pickups and diesel versions of the company's 1 ton ponel van. Four wheel-drive versions of the

panding minivan market, Honda plons to reintroduce a new line of small vans in September and for both Suzuki ond Isuzu, ties with Geoeral Motors offer greatest scope for a rapid growth in exports. In the UK, Bedford has already begun assembly of Isuzu's one-box

(International Motor Business) indicate that the rapid growth in Japan's microvan sector will ease off from mid year but this will still substantially ontweigh

# ANOTHER SMALL STEP AHEAD FOR THE RENAULT TRAFIC.



TRANSPORT OPERATOR MAGAZINE VOTED THE RENAULT TRAFIC T1000 VAN OF THE YEAR 1984-85:

REMAULT BUILD ABETTER VAN

We've always known the Renault Trafic was ahead of the field - and now it's official.

The judgestgave the Renault Trafic T1000 the coveted award after considering four vital areas. Running costs-the 1650 cc-

engined Trafic proved more economical than all the competition.

Driveability-five-gear flexibility and front-wheel drive made the Trafic a pleasure to drive.

Suitability-its low loading height (181/2 ins) gave the Renault Trafic a roof height almost equal to its rivals' high roof options.

Purchase price - with prices starting at £4,920\* the Renault Trafic is an easy winner in this category.

The Renault Trafic is winning friends as well as awards. More people are switching to

Renault Trafic than any other middleweight. Find out why by posting this coupon.

| Tell me more about<br>Renault Trafic and t<br>2.6 tonne vans. |        |         |
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| Address   |        |         |
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|   | -110// | DENAIRT |
| Post to: Renault (U<br>LCV Dept., PO Box:<br>Southall, Middx. |        | TRAFIC  |

RENAULT

### Market shares measured against Transit sales

#### Medium-sized vans

KENNETH GOODING

FORD OF EUROPE'S sales force has been waiting with increasing impattence for the replacement for the Translt van, best-seller among medium vans but now 20 years old.

The introduction was to have been at the Frankfurt Motor

the introduction was to have heen at the Frankfurt Motor Show in the autumn. But the launch has been allowed to slip by at least six months.

hy at least six months.

Transit II has been overtaken hy Ford's new style of product development. Instead of setting a date for the launch of a vehicle and working hard to hit that target, there is now no fixed introduction date, only a tentative one. In thet way no car or commercial vehicle need be not on the market until it is

be put on the market until it is absolutely ready.

Ford dealers hope the new van, code-nemed Triton but which will carry forward the Transit names, will live up to expectations.

to expectations.

By all accounts the new vehicle's aerodynamic shape will make it as "slippery" through the air as most cars. And Ford is known to have worked hard to improve the available cuhic capacity compared with the old Transit — one area where the old van falls down in comparison with its newer rivals.

In epite of its age, Transit sales have held up relatively well, Output reeched 89,200 last year, up from 88,000 in 1983, an increase which reflected the lift given when Ford made its 2.5 litre, directinjectory through a reorganised at the cost of DM700m (£179m) to produce 60,000 to 70,000 vans a year. Current output is roughly 51,000 including 15,000 to 16,000 big vans.

Ford cannot expect an easy rida for the new Transit, There is e continuing price war between the Japanese and VW in West Germany and the Italian

the van.

However, the Transit, which once held 20 per cent of the Western European medium van market, has seen its share fall roll and the state of the total to 14 per cent under pressure from e variety of important new European rivals such as the Renault Trafic, the Fiet Ducete, the Ford launch.

competition in France, Renault ties as a result.

bas made major advances in the Word has it that Ford's archbas made major advances in the UK with the Trafic/Master range of medium vans, hoosttinuing the trend eo far in 1985.

Ford is spending heavily to hring the new Transit into production. At the Southampton plant in the UK the bill will be \$1.54\text{m}\$, mucb of it on highly automated equipmeot: the factory will heve \$0 rohots and \$50 programmehle welding units.

At Genk in Belgium, investment in the new van line is \$190m for similar high-technology equipment.

Ford is installing enough capacity to produce the new Transit at the rate of about \$35,000 a year and reckons that about \$80 per cent of vehicles is subsidiaries with only minor

about 80 per cent of vehicles sold will he powered hy the direct-injection diesel engine.

To give come perspective to this figure, Volkswagen. Europe's major producer of medium commerciel vehicles. made 157,600 Transports and LT vans last year, up 1.3 per cent from the 155,000 for 1983.

#### Reorganised

And Daimler-Benz, the Mercedes group, recently completed

1983, an increase which reflected the lift given when Ford
made its 2.5 litre, direct-injectin dlesel engine available in
the van.

However, the Transit, which
rece held 20 per cent of the

rival, General Motors of the U.S., will allow the Bedford CF ing registrations from 5,000 in van, its Transit competitor, to 1983 to 7,000 last year and continuing the trend eo far in 1985. The CF is due to ha replaced

a van which can be marketed around the world through all its subsidiaries with only minor

modifications.

Bedford was dua to take on Bedford was dua to take on extra contract designers and draughtsmen last summer to work on the project — Bedford'e role apparently is to handle the design of front axles, steering, suspension and bodywork for the van — hut recruiting recent tack place at the cruiting never took place at that

in the meantime, Bedford medium van market with the Midi, based on the Isuzu WFR hut made at Luton. The company will rely heavily on this model to improve its position in medium van markets — and for

medium van markets — and for its return to profitability.

There will be a gradual spread of similar, Japanese-type vans into European production. Daimler-Benz is to produce one hased on Mitsuhish's L-300 series in Spain and Nissan has introduced the Vanette at its Motor Iberia suhsidiary in that country.

The signs are that medium van sales in Western Europe this year are likely to return to predicts the totel will reach 659,000, up by 17,800 or 2.27 per cent on last year. In 1980 some 664,800 medium vans were sold.

Ford expects only one of the Renault Trafic, the Fiet Ducete, the Peugeot J5, Citreon C25, Talbot Express and Volkswagen's new Transporter.

Fiat used the Ducato, launched in 1981, very effectively to cut the Transit's market share in Italy by half, for example. And, while the Transit has held its own well against the domestic the Ford launch.

Ford expects only one of the major European markets to show any decline: France could an mess of the Transit II introduction as when the Cargo to 110,000 vans in 1985. But the UK could rise from 131,000 was in 1985. But the UK could rise from 131,000 was from 128,500 to 130,000: Italy from short a time and early vehicles own well against the domestic the group does not make a similar mess of the Transit II introduction as when the Cargo to 110,000 vans in 1985. But the UK could rise from 131,000 was in 1985. But the UK cou



Leyland's Roadrunner hullt here as a mini-tanker for delivering domestic fuel oil in rural areas with their narrow lanes

Forecast production to 1990—light commercials

| (vans up to 3.5 tonnes | gross)     |            |             |               |         |
|------------------------|------------|------------|-------------|---------------|---------|
|                        | 1980+      | 1984†      | 1985        | · <b>1986</b> | 1990    |
| PRODUCTION             |            |            |             |               |         |
| West Germany           | 266.2      | 204.0      | 210.1       | 209.6         | 228.2   |
| Franca                 | 375.5      | 305.9      | 315.3       | 311.1         | 340.8   |
| UK                     | 221.8      | 144.1      | 160.4       | 177.3         | 170.7   |
| Italy                  | 115.9      | 119.2      | 127.1       | 126,1         | 138.6   |
| Spain                  | 107.1      | 86.9       | 88.7        | 92.0          | 112.4   |
|                        | 49.9       | 35,2       | 44.5        | 64.7          | 67.9    |
| Belgium                | 1.136.3    | g92.3      | 946.0       | 981.9         | 1.058.6 |
| TOTAL                  | 1,140.4    | 636.0      | 9.40.0      |               | -,0-0-0 |
| DEMAND                 | -4-0       | 1027       | 125.0       | 131.8         | 150.5   |
| West Germany           | 143-8      | 123.7      | 280.1       | 289.5         | 313.1   |
| Franca                 | 271.6      | 266.2      |             | 207.1         | 193.6   |
| UK                     | 194.2      | 200.0      | 203.0       |               |         |
| Italy                  | 117.9      | 110.3      | 115.4       | 120.2         | 127.8   |
| Spain                  | 63.4       | 71.1       | <b>73.0</b> | 75.2          | 89.1    |
| Sweden                 | 11.1       | 13.9       | 13.9        | 14.1          | 15.0    |
| Netherlands            | 32.4       | 36.5       | 34.4        | 34.3          | 35.8    |
| Belgium                | 20.3       | 1g.7       | 18.8        | 19.4          | 22,3    |
| Switzerland            | 17.g       | 16.1       | 16.8        | 17.4          | 19.4    |
|                        | 14.g       | 15.0       | 15.3        | 15.8          | 16.5    |
| Austria                | 13.9       | 26.6       | 27.6        | 28.3          | 28.1    |
| Denmark                |            | 898.1      | 923.4       | 953.1         | 1,011.2 |
| TOTAL                  | 901.2      |            |             | J.J.J.L       |         |
|                        | Actual reg | gistration | 15.         |               |         |
| ·                      |            |            |             |               |         |

Source: DRI European Trucks Repor

### New models crucial to the future

**Light trucks** 

KENNETH GOODING

TWO NEW light trucks made their debuts in Western Europe

last year. Not only did they considerably enliven competition in the sector, but each vehicle has a crucial part to play in its manufacturer's feature.

West Germany, Daimler-Benz, the Mercedes group, introduced the LN range of 9.5 to 11 tonne trucks to replace the old LP models. In Britain, Leyland launched its Roedrunner, a 6 to 10 tonner which the state-owned truck renewal completes

D-B invested more than DM 280m (272m) in the new LN range to follow the 19-year-old LP trucks. In 1983 D-B produced 20,000 LP vehicles and seven out of 10 of them were delivered to West German automore to circuit the group a customers, to give the group a 68 per cent share of domestic sales in tha 6.5 to 11 tonnes

The old LP trucks also provided D-B's huge beavy truck plant at Woerth with 20 per cent of its total output. Once production of the new

other territories.
For Leyland, Roadrunner rounds off the overhaul of the range which began nearly six years ago with the introduction of the heavyweight Roadtrain, first of the T45 "Trucks for

If Roadrunner lives up to Leyland's expectations it should hoost the company's UK sales by at least 20 per cent and take it hack to leadership of the markets for trucks over 3.5 tonnes gross weight it lost to Ford in 1977.

According to Mr Les Industries, the Bedford TL, from General Motors' British suhsidiary, and versions of Ford's Cargo.

Launched

The Cargo is also relatively new in truck industry terms, having been launched only in

Leyland spent about £10m on Roadrumer which competes in a sector accounting for 30 per cent of UK trucks demand.

G08, made hy Renault Truck Industries, the Bedford TL,

Ford's Cargo got off to a bumpy start hecause the com-pany admits it tried to intro-duce the complete range in too One in four trucks sold in Britain are of 7.5 tonnes gross weight because this is the beaviest weight of vehicle which may be driven without an HGV (heavy goods vehicle) driving licence.

Leyland hopes to sell about the complete range in too short a time. It was too only about 5,000 and MAN admits that it will not reach 10,000 with the end of the 1980s.

Owners of about half the Complete range in too only about 5,000 and MAN admits that it will not reach 10,000 with the end of the 1980s.

Owners of about half the Germany, and to some extent in other parts of Europe, has dogged the MAN-VW venture free under warranty—and that it will not reach 10,000 with the end of the 1980s.

range reaches full steam, D-B estimates it will huild and sell 25,000 a year. Sales will be confined mainly to industrialised Western European countries because D-B believes the new vehicles are too up-market and expensive for other territories.

For Leyland, Roadrunner rounds off the overhaul of the range which began nearly six years ago with the introduction of the heavyweight Roadrain, first of the T45 "Trucks for significant jump on the performance of the 15-year-old the figh-volume 7.5 tonners.

Ford now claime that the quality and reliebility of the Cargo are "hest in class" hut some of the fleet buyers who walked away hecause of the limital difficulties have not yet of the range which began nearly six years ago with the introduction of the heavyweight Roadtrain, first of the T45 "Trucks for the stimulation of the UK-produced Dodge first of the T45 "Trucks for the Library of the UK-produced Dodge for the UK-

While list prices for most manufecturers' 7.5 tonners in the UK ara more or less in line, Iveco, the Fiat subsidiary, has official prices helow the com-petition while the Ebro, from Nissan's Spanish subsidiary, Motor Iberica, appears to be the cheapest in the sector.

tonnes gross weight it lost to
Ford in 1977.

According to Mr Les
Wharton, managing director of
Leyland Trucks, the arrival of
Roadrunner "is the catalyst
which will take Leyland back
to viability."

Leyland spent about £10m on
Roadrunner which competes in
Roadrunner which competes in

the MT range, with 10,000 going for export. But output hes heen only about 5,000 and MAN ad-mits that it will not reach 10,000

Output of light trucks in tha UK last year hounced back a little from the very low level in 1983. Some 15,685 trucks of 13.5 to 7.5 tonnes were produced lest year, up from 14,140 in 1983. Last year's total was still well helow the 19,050 for 1982,

For Western Europe as a whole, ou put of light trucks (3.5 whole, ou put of light trucks (3.5 to 7.5 tonnes) was static in 1984 hut wat 4.8 per cent below the 1982 level. Production inched up from 62,000 in 1983 to 62,500 last year whereas in 1982 some 65,600 light trucks were built.

In the other major markets, output in West Germany fell from 23,800 in 1982 to 20,200 the following year hut. 32 pro-

September 1

4 Zu 1843 ...

the following year hut, as pro-duction of the Mercedes LN range began to huild up, re-covered to 23,800 ln 1984. Italy has only one producer, Ivaco, and output has been very erretic in the 3.5 to 7.5 tonnes sector, In 1982 production was 19,100. It jumped to 20,300 in 1983 then fell back to 18,500

Spain and France bave experienced similar patterns but on a much lower level of production. Spanish output was 3,000 in 1982, rose to 4,000 the following year and slumped to 2,000 in 1984.

French output was 3,900 in 1983, then 3,850 in 1983 before collapsing to 2,300 last year.

### A Financial Times Conference

### WORLD MOTOR CONFERENCE

Frankfurt: 12 & 13 September, 1985

The Financial Times is arranging a major conference on the World Motor Industry in Frankfurt on 12 and 13 September, timed to coincide with the Frankfurt Motor

Signor Umberto Agnelli, Mr Bob Lutz and M. Bernard Hanon, are three of the leading speakers on the prospects for the large manufacturers in the light of strategic thinking over globalisation. Dr Eberhard von Koerber of BMW will address himself to the outlook for the specialist manufacturers and Signor Paulo Cantarella of Comau will lead the section on process technology.

The subjects to be covered in the programme will include:

- Volume Manufacturing-The World Car Concept to the Volume Manufacturer
- What is the Future for National Automotive Industries in Europe?
- Specialist Cars-A Future that is Nationally Based?
- Truck Manufacturers and their Strategy-World or National?
- Components Manufacturing for a Changing Auto Business
- Political Problems Affecting the Motor Industry
- Factors Affecting Profitability for Volume and Specialist Car Manufacturers
- Financing the Global Auto Industry
- Vehicle Marketing and Distribution-The Patterns of the Future

WORLD MOTOR CONFERENCE

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# Renewed battles for leadership

### Car-derived vans

KENNETH GOODING

RENAULT, THE state-owned French group is going through a difficult time. It is suffering from record losses, has had a new chairman imposed from outside the group and morale is low. And tha group's performance in the car-derived van sector is running true to pre-

sent form. In the first quarter of this year Renault lost leadership of the sector in France-where it once appeared to have an un-assailable lead—to Citroen, part of the Peugeot group.

Renault's share for many years has never slipped below 55 per cent of total sales and has often been nearly 60 per cent. The group ended 1984 with a 55.1 per cent peneura-tion against 31.2 per cent for the Penerat Citrogn Tallet comtha Peugeot-Citroen-Talbot com-

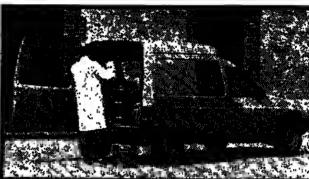
Then the little Citroen Visa van began to accelerate. It is a serious commercial vehicle. not just a car with the back seats removed and the windows blanked in. Citroen has developed a purpose-huilt box body which it claims gives the Visa the largest cubic capacity of any carderived van and the rear suspension has been beefed np to provide for a payload of 570kg.

The formula seems to be succeeding and in the first three months of 1985 Renault's share of the French car-based van sector was down to 42.5 per cent while the Peugeot group's reached 43.1 per cent.

Current low morale and lack of confidence in the Renault dealer network undoubtedly played some part in the sudden decline but, as often happens in the commercial vehicle busis, a new product from a rival company was mainly

The Visa van was launched in France last October and has particularly dented sales of Renault's redoubtable R4 van, Renault's redoubtable R4 van, for many years Western Europe's best-selling commercial vehicle. The R4 van at the end of the first quarter of 1984 accounted for 43 per cent of total car-derived van eales in France. At the same stage thie year its share was down to 31 per cent

Part of the R4's problem was that it has been widely assumed in France that the car on which it is based will shortly go out of production. Latest rumours suggest, however, that it will be kept going for another two years hut that Renault bas



Citroen's Visa. With its purpose-built box body it is a serious

dropped its replacement as part of the necessary cost-cutting.

France is hy far the largest market in Western Europe for vans derived from cars and demand there has been particularly strong in the early part of 1983 lt left VW's 49-per-centified in its domestic market also TAS Tvornica Automobile. threatens its position as Euro-pean leader in the sector. At the end of the first quarter, Renault's penetration of the Western European car-derived

cent while the Peugeot group advanced from 16.2 per cent to 22.1 per cent.
Other new products to make their mark in the car-derived sector recently include the new General Motors' Opel Kadett/ Vauxhall Astra van.

and micro van aector had fel-len from 30.1 per cent to 25 per

### Toehold

The van hes given GM a better toehold in the relatively small West German market where it previously had very little success. GM is assembling the Opel Radest version of tha van in Portugal for sale in Germany, thus helping to keep labour costs down. Low prices are a feature of the German small van market which is dominated by the Janapase may.

The entry of the Caddy enabled VW to go from 4 per cent of the csr-based van sector (all manufacturers) to reach in Germany in 1982 to 20.9 per cent in 1984. The plckup per cent in 1984. The plckup helped VW establish a much higger penetration in some other markets, too, particularly Switzerland where the German small van market which is dominated by the Janapase may. dominated by the Japanese pro-GM had only 1 per cent of

GM had only 1 per cent of the German car-derived van sector at the end of March 1983 but look 3.7 per cent at the same stage this year.

The Opel badge helps give the impression to German customers that the Kadeta is a local product. product even though it i assembled outside the country. assembled outside the country.

Volkswagen also has a relatively new product which is in a similar catagory. The VW Caddy pick-up is assembled in Yugoslavia but, because finel technical tests are made in Germany, the vehicle carries a "made in Germany" lahel.

The Caddy bes an interesting history in that it was designed by VW in West Germany for sale in the U.S. market where

commercial vehicle

owned associate in Yugoslavia,
TAS Tvornica Automobile,
which had been assembling
some versions of Golf I, with
nothing to make. So the tooling for the plck-up was moved from the U.S. to Yugoslavia and the capacity to produce 50 a day or about 12,000 to 14,000 a year was installed.

TAS, in which the Yugoslavian govarnment has a majority interest, produces tha floor pan and rear axies hut the other major components are

many.

The entry of the Caddy enabled VW to go from 4 per cent of the car-based van sector in Germany in 1982 to 20.9 per cent the following year and 17.4 per cent in 1984. The pick-up helped VW establish a much higger penetration in some other markets, too, particularly Switzerland where the German

group was not previously repre-sented in the car-derived van sector but last year took 12 per

Thus a new product has helped VW double its share of the Western European carderived van sector from 2 per cent to 4 per cent in two years. Ford also performed strongly in the sector last year moving up from 7.7 per cent to 9.4 per cent of total. European sales not hecause of a new van but because the group had a new diesel engine to put in existing Flesta and Escort vans. Ford spent \$196m to hring tha

1.6 litre diesel into production at its Dagenham plant in tha UK, aimed for an annual output of 150,000 and wanted to capture a much higger share of the diesel car market by offering the new power unit in Fiesta, Escort and Orion models.

The diesels were in short supply last year but Ford's marketing companies around Europe were told their alloca-tion could he included in either cars or vans.
As expected, the diesel helped

As expected, the diesel helped Ford make hig progress in Italy where diesel fuel is very cheap. The company'a carderived sales there had heen negligible but last year it built its share to 1.3 per cent of total sales and by the end of March 1985 had 2.9 per cent.

Ford believes that total sales

Ford believes that total sales of car-derived vans and micro vans in Western Europe (by all sent from West Germany for assembly. TAS produced about 9,500 Caddys last year of which 4,300 were cold in West Germany for above tha 435,000 for 1983.



**1ST QUARTER 1985 ISSUE** World Overview: Vehicle Industry Performance in 1984, Onthook, Issues 1985 to 1987.

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### Jeeps winning the sales war

Four-wheel drive KENNETH GOODING

JEEP CORPORATION, the company which started the business. was the world's leading pro-ducer of light four-wheel-drive vehicles in 1984 reclaiming

Comments of the state of the st

The company's output source by 133 per cent from the 1983 level following the introduction of its lightweight Cherokee and Wagoneer models—the first new Jeeps for 20 years and developed with dissocial help from Renault, the state-owned French

Renallt now owns 46 per cent of American Motors which, in turn owns Jeep Corporation. The French group has injected about \$500m into AMC in the

The new Jeep vehicles took five years to develop and are such vehicles in the U.S. but more compact. They weigh also because the Japanese had nearly 1,000 Hos dess than the models they replace and provide substantially improved fuel economy compared with the five years ago considered production.

AMC-Jeep was not the only

action to produce lighter and were able to set np the semb-smaller four-wheel-drive pro-lance of distribution networks ducts while attempting to retain and prepare for the time—per-

Ford dld the same for its Bronco and the introduction of the "downsized" version enabled Ford to take workt production leadership in 1983.

Ironically, the pressure to provide less-thirsty vehicles has

eased considerably in the U.S. because fuel prices have fallen back to pre-crisis levels in real

In 1981 Jeep output was over-taken by production of the Toyota Land Cruiser in Japan, an event which illustrated the progress Japanese manufac-turers have made in the allwheel-drive sector

Five years ago Japanese makers produced 25 per cent of the world's output of light fearwheel-drive vehicles. By 1981 they had captured 50 per cent. This was partly because of the sharp decline in demand for

five years ago considered pro-duction of four-wheel-drive vehicles as an operation eutside their mainstream activities, the the old supply crises of the mid- Japanese perceived that the 1970s, which caused the U.S. vehicles gave them a chance to 1970s, which caused the U.S. vehicles gave them a chance to market for four-wheel-drive gain a toehold in some develop-vehicles to callapse from more ing countries where imports ef than Im a year-to one-third that vehicles were acceptable.

By sending in some all-wheel-

company which rushed into drive vehicles, the Japanese action to produce lighter and were able to set up the semb-smaller four-wheel-drive pro- lance of distribution networks the suggedness necessary for haps decades ahead—when they off-road transport, could follow through with could follow, through with ordinary cars.

The Jepanese have now changed tack. Faced with restrictions on car imports voluntary or otherwise — in many industrialised countries around the world, the Japanese are looking for ways of boosting turnover and profit in spite of being unable to increase the number of units they export.

As part of this process they have changed the specifications of their four-wheel-drive models to make them more attractive to people whe drive for leisure and pleasure rather than those customers who need tough, all-

a geod example of this trend — and its production jumped last

year. There was also a big increase in output of the Isuzu UBS, called the Trooper in Western markets. Isuzu launched the Trooper in the U.S. — where Japanese car imports last year were restricted by the voluntary restraint agreement between the twe governments — and its dealers sold 15,000 of them.

The Trooper is also making headway in Western Europe now that General Motors, the world's largest automotive group and which owns 35 per cent of Isuzu, bas opened up its Opel car dealer network

Always alert for a gap in the market they can expleit, the Japanese have cultivated in Europe the leisure and pleasure market for all-wheel-drive.

Europe's major contender, Land Rover, the BL subsidiary, looking for new customers because of difficulties in its traditional export markets, has also begun to tap the leisure

secter.
In the past twe years it has introduced the One Ten and the One Ninety Land Rover vehicles which have improved ride and handling characteristics com-pared with the models they

The Land Rover company has also made important changes to its up-market Range Rover te improve that vehicle's appeal. Final arrangemeets are being made for the launch of the Mitsuhishi's Pujero/Shogun is Range Rover in the U.S. so it can benefit from the werld's biggest antomotive market. The American version will be designed to appeal to women in particular — 40 per cent ef Jeep buyers are women in the States end the percentage fer the Range Rover should be even

D-B heped for annual sales of wheel-drive business werldwide at least 10,000 for the "G" and have put the U.S. and bave estal waggon but output has languished below 6,000. The West fensive, there might come a Far East.



German group disselved its pro-duction deal with Steyr but the

Velkswagen's Iltis and the Viasa Jeep from Spain appear to have gone out of production last year and output of Fiat's Campagnola is just ticking ever. Land Rover's Spanish associate. Land Rover's Spanish associate. Land Rover Santana is under pressure from Nissan, which acquired Motor Iberica and in 1983 put the Patrol into production in Spain.

Santana has retaliated in the obvious way it has stated are

higher.

Other European producers of all-terrain vehicles have been struggling. Daimler-Benz, the Mercedes group, had one of its few major setbacks with the "G" Wagen, originally made in pertnership with Steyr-Daimler-Puch of Austria.

D-B heped for annual sales of at least 10,000 for the "G" waggon but output has land a seventh wide and have put the U.S. and has retalized in the obvious way: it has started producing a Japanese four-wheel-drive vehicle of its own. The small Suzuki Jimny is now being produced by Santane in Spain and was launched at the Barcelona Motor Show in May.

While the Japanese have changed the face of the all-waggon but output has land fave put the U.S. and has retalized in the obvious way: it has started producing a Japanese four-wheel-drive vehicle of its own. The small Suzuki Jimny is now being produced by Santane in Spain and was launched at the Barcelona Motor Show in May.

original ancestor, the spartan Army Jeep of the 1939-45 War time when Japan is challenged

by China.
The Beijing Jeep Corporation Austrian company still makes the vehicle for D-B to sell with in Peking as in the process of being revitalised with the belp has acquired e 31.6 per cent stake in the Chinese company and is contributing technical knowhow. AMC intends to update Beijing's existing model and then introduce as quickly as possible a vehicle based on

as possible a vehicle based on the small CJ Jeep.

At first engines and other compenents will be imported from the U.S. hut the aim is for every part to be produ in China eventually. A reckons it can at least double Beijing's annual output of 20,000 Jeeps within three to four years and to begin exporting.

By combining American knowhow with China's low production costs, AMC hopes te break the grip the Japanese have established in the light



Above: Land Rover's new One Ten V8 and (right) the Jeep Wagoneer, all-terrain vehicles very much advanced from theh

| ight | Four-wheel-drive | production |  |  |  |
|------|------------------|------------|--|--|--|

|   | 1983    | 1984    |
|---|---------|---------|
| JAPAN                                   |         |         |
| Toyota: Land Cruiser                    | 124,297 | 115,048 |
| Blizzard                                | 391     | 1.383   |
| Nissan Patrol/Safari                    | 39.607  | 33,269  |
| Daihatsu Taft/Rocky                     | 10.680  | 14,946  |
| Isuzu UBS/Trooper                       | 19.564  | 40,120  |
| Mitsuhishi: Jeep                        | 2,913   | 2,290   |
| Pujero/Shogun                           | 29.009  | 40.875  |
| Suzuki Jimuy                            | 86,092  | 74.625  |
| us.                                     |         | ,       |
| General Metors: Chevrolet Blazer        | 35,179  | 46,919  |
| GMC Jimmy                               | 8,426   | 9.278   |
| Ferd: Bronce                            | 131,203 | 53,772  |
| Brenco II                               |         | 109,107 |
| American Moters Jeep                    | 75.534  | 176,276 |
| WESTERN EUROPE                          | 10,001  | 110,210 |
| Fiat Campagnola                         | 1.894   | 2,253   |
| Paint Campagnola Daimler-Benz Steyr "G" | 5,662   | 5,532   |
| Land Rover UK (including                | 4,002   | 2004    |
| Range Rever)                            | 40.764  | 37.447  |
| Land Rover Santena                      | 17.804  | 13.023  |
| Nissan Spain Patrol                     | 4.507   | 8.025   |

Many drivers now seek the comfort and finish they are used to in their own cars

### Transit is still the yardstick

Driver's view

ALAN BUNTING

IN THE important up-to-3.5 tonnes gross sector of the com-mercial vehicle market, whose upper weight boundary is fined by the legislative provisions of Operator's Licensing, driver appeal has a significant fluence on buying decisions.

Many light vans and their chassis cob equivalents—able to accept proprietary van or truck bodywork—are bought by small traders whose employees are primarily car drivers. They tend to apply passenger car standards in selecting the right vehicle for the job.

In the case of carderived vans, such as those based on the Ford Escort, Vauxhall Astra and Austin Maestro, the cab space follows closely that of the car, though in more spar-tan form. Simplified instru-ments, less elaborate trim and cheaper upholstery, often cause unfavouarble comment from drivers who know the cars

This does not apply, however, to vans and related chassis-cabs to vans and related chassis-cabs of 1 tonne payload capacity and above, epinsoised by the Ford Transit, Bedford CF and aggressively marketed foreign competitors like the Mercedes 207D/307D, Volkswagen LT and Renault's Trafic and Master model.

have their preferences. The Ford Transit, now a 20-year-old design, is seen by many as and diesel engines have increased CF penetration significantly in the last 12 months.

Keen pricing for the whole measured. Its 35 and 44 per mental 1 tonne payload and 3.5 tonnes gross market respectively, force competitors to sit up and take notice of ford tively, force competitors to sit cation to enhance its quality up and take notice of Ford against its competitors, especispecifications and, of course, ally the Transit. Ford fer 20

Among the Transit's driver pluses are its full bouncted layent giving a clear, almost level the edge on Bedferd.

Bront-wheel drive (fwd) offers for the central gearlever. A double passenger seat is prac-tical and usable,

### Minimal noise

Because the engine is well forward of the cab space, mechanical noise reaching the crew of a Transit is minimal. One should add immediately, however, that in full forwardcontrol rivals such as the VW LT and Mitsubishi L300, whose engines are located between/ under the seats, engineering re-finement has brought down noise and vibration levels to comparable levels.

So-called custom versions of Transir models are tranmed to higher standards, with bold up-holstery colouring and very little painted metal visible.

Drivers getting into a Transit for the first time often com-plain that the steering wheel feels too small for the size of the vehicle—exactly the oppo-site criticism levelled at Mer-cedes' Bremen models. German vans and trucks have large diameter steering wheels to meet legislation in the Federal Republic regarding maximum steering effort.

On the road, all Transits are easy vehicles to drive with vice-free handling, although Ford's choice of a solid beam-type front axle suspended on tradi-

well, with Mercedes and VW opting respectively for a solid axle and independent coil springs, np to 3.5 tonnes gross. Leyland's Sherpa range, extended upwards 18 months age to include 3.5 tonnes gross models (with a wider body/cab shell) follows the Ford philosophy. Sherpas are fully-bonneted, eliminating engine encroachment on trewspace.

drivers, by indifferent ride and handling.

The Sherpa range, especially the new wide variants, also falls

different benefits in a commer-cial vehicle to those in e car. Loadspace floor level can be lowered by six or eight inches thanks to the absence of a propshaft and rear differentia

which is hullt in the same Italian plant, are "fwd only" designs going up to 3 tonnes gross. Their success and that of Renault vans is attributable in large measure to the low floor

Competitors, notably Ford and Mercedes, have undertaken extensive research and development studies on the fwd versus rwd controversy, coming down firmly in favour of the latter. Rear drive is less costly, simpler from a maintenance point of view and, for gross weights above about 2 tonnes, offers positive traction benefits for fully-laden operation.

From the driving seat the fwd Talbots, Fisis and Renaults have been well accepted in this country. Steering effert is not noticeably heavier than on their rwd counterparts.

tional "cart" springs makes for a truck-like ride. In contrast, the CF from General Motors Bedford has independent coil spring front suspension, giving better ride and cornering characteristics than the Ford. Differences of opinion on optimum front suspension layout occur, interestingly, among continental manufacturers as well, with Mercedes and

encroachment on crewspace. They also feature a beam front axle with leaf springs.

Full marks are due to Sherpa designers for the cab interior. Trim levels, finish and instrumentation are up with the best that Ford and Bedford offer. But Leyland's contender is let down, in the opinion of many

mercial vehicle as an item of industrial equipment, designed to carry a load from A to B as effectively as possible.

In Sherpa range, especially the new wide variants, also falls short of its main rivals in terms of powertrain refinement. Interior noise and vibration levels are thought to be unacceptably high for a 1980s design. This shortcoming is particularly apparent in the latest Sherpas powered by the 2.5 litre Land-Rover diesel engine.

Bedford's CF has seriously

Nevertheless most van drivers
save their preferences. The latest Mk 2 versions powered ford Transit, now a 20-year-old by German-made Opel petrol years now has succeeded in

housing.

The Talhot Express and the almost identical Fiat Ducato. and consequently increased cubic loadspace.

THE NEW MIDI HAS SHOWN MPETITORS THE VALUE OF BEDFORD'S SPECIALISATIO



Often with the launch of a brand-new commercial vehicle buyers initially stay away in droves.

They're hesitant to take on the new against the well-tried.

Not so with Bedford's new Midi 1-tonner. Because not only is the Midi already out-selling the German and Japanese equivalents, but as a new entry is also challenging long-established British makes.

The Luton-built Midi has been as enthusiastically received by motoring journalists as by buyers.

One writer, who drove four Midi vans out of the 16 model range, accurately predicted in the April issue of 'Marketeer,'

"A favourite is just what this new van, the Bedford Midi, will become...It is, absolutely, a little cracker. It is a joy to drive..." The authoritative 'Transport News' concurred that the Midi was "...sturdy, stylish and well-designed..."

As registrations of Midis ably demonstrate, Bedford's position as Britain's biggest commercial vehicle specialists means vehicles better specified to the real needs of operators and buyers alike.

While on top of the Midi's launch success has come increased demand for the Bedford TL truck range.

A recent review of 7½-tonners in 'Transport Engineer' summed up our

own intentions with, "The widest choice that is in tune with operational needs is Bedford's."

Bedford as part of General Motors Truck & Bus Group, the world's largest specialists, have vast resources to draw upon. Planned are even more upsets for our competitors.

And better vehicles for users.



Bedford Commercial Vehicles, Division of General Motors Overseas Commercial Vehicle Corporation, P.O. Box 3, LUTON, LU2 OSY.

### Investment in fastest-growing sector

#### Diesels

JOHN GRIFFITHS

LAST YEAR Ford took a major growth of diesela in the medium van market with the launch of e new 2.5 litre diesel engine using direct fuel injection. Ford could reasonably claim

production was henchicial to provide a boost to the Transit van range in which it is fitted during what is proving to be the 20th—and last—year of the Transit's lifa

It will he replaced at the end

Transit's lifa

It will he replaced at the end

Transity life total, Ford forecast, the share taken by diesel would increase from 55 per cent to 85 per cent over that period, with only the UK and West Germany and the strength of the share taken by diesel would increase from 55 per cent to 85 per cent over that period, with only the UK and West Germany and the strength of the share taken by diesel would increase from 55 per cent to 85 per cent over that period, with only the UK and West Germany and the strength of the share the share taken by diesel would increase from 55 per cent to 85 per cent over that period, with only the UK and West Germany and the share taken by diesel would increase from 55 per cent to 85 per cent over that period with the share taken by diesel would increase from 55 per cent to 85 per cent over that period with the share taken by diesel would increase from 55 per cent to 85 per cent over that period with the share taken by diesel would increase from 55 per cent to 85 per cent over the share taken by diesel would increase from 55 per cent over the share taken by diesel would increase from 55 per cent to 85 per cent over the share taken by diesel would increase from 55 per cent over the share taken by diesel would increase from 55 per cent over the share taken by diesel would increase from 55 per cent over the share taken by diesel would increase from 55 per cent over the share taken by diesel would increase from 55 per cent over the share taken by diesel would increase from 55 per cent over the share taken by diesel would increase from 55 per cent over the share taken by diesel would increase from 55 per cent over the share taken by diesel would increase from 55 per cent over the share taken by diesel would increase from 55 per cent over the share taken by diesel would increase from 55 per ce

It will he replaced at the end of this year by a new model, currently code-named Triton.

Armed with that and the new diesel, Ford will then be well-placed to test out its beliefs not only that it should be ahle to diesel's progress may not be diesel's progress may not be diesel's progress. currently code-named Triton.

Armed with that and the new diesel, Ford will then be well-placed to test out its betiefs not only that it should be ahie to restore its own range to undisputed European leadership in the medium vans sector, but that a diesel version will grow in popularity to the point where it accounts for 60 per cent of

the Transit succeessor's output.

Ford has invested beavily in its belief about the diesel, apending \$1558m at Dagenham to expand diesel engine capacity by 30 per cent to \$10,000 a year and to bring the new PDI unit into production. From those figurea, it can be deduced that Ford expects total sales of the Transit's successor to grow to \$135,000 units a year. Last year, its Genk, Belgium and Southampton plants hullt \$7,500 between them.

The new vehicle will compete

it to be a world first, in that direct injection—offering about 15 per cent belter fuel consumption and more power compared with a conventional diesel —previously had been used only in large, low-revving engines used to power heavy trucks.

The timing of the engine's production was heneficial to Ford, in that it has belped to provide a boost to the Transit van range in which it is fitted

diesel output was on an upward trend at the end of the period while that of petrol units was diminishing.

Diesel output has also dropped hack in Spain, although diesels account for a large majority of sales (petrol van output was up).

Where the diesel is making significant headway is in Italy, and proportionately to a lesser extent in the UK.

In the UK, a market where sales. diesel sales have only recently begun to take off in comparison with most Continental markets, output of medium diesel vaos last year was only about 200

sidiary. Freight Rover's diesel van output jumped hy more than 24 per cent to 16,415 compared with a year earlier — placing it well ahead of Ford'a 9,925 out of its Southampton plant, although e further 23,869 Transits were produced at Carl. Sits were produced at Genk.

extent in the UK.

Italy's production of diesel medium vans last year was last year was last year of a diesel-engined more than 17 per cent higher version of the 210, the wide-than in 1983, while that of bodied van, in weights up to petrol van fell back hy just over 20 per cent. Even so, diesel output fell in unit terms last year compared with 1983, to 78,300 from more than 84,000.

In the UK.

Freight Rover's increase is due primarily to the launch last year of a diesel-engined version of the 210, the wide-than in 1983, while that of bodied van, in weights up to 3.5 tonnes which Freight Rover's increase is due primarily to the launch last year of a diesel-engined version of the 210, the wide-than in 1983, while that of bodied van, in weights up to 5.5 tonnes which Freight Rover's increase is due primarily to the launch last year of a diesel-engined version of the 210, the wide-than in 1983, while that of bodied van, in weights up to 5.5 tonnes which Freight Rover's increase is due primarily to the launch last year of a diesel-engined version of the 210, the wide-than in 1983, while that of bodied van, in weights up to 5.5 tonnes which Freight Rover's increase is due primarily to the launch last year of a diesel-engined version of the 210, the wide-than in 1983, while that of bodied van, in weights up to 5.5 tonnes which Freight Rover's increase is due primarily to the launch last year of a diesel-engined version of the 210, the wide-than in 1983, to 5.5 tonnes which Freight Rover's increase is due primarily to the launch last year of a diesel-engined version of the 210, the wide-than in 1983, to 5.5 tonnes which Freight Rover's increase is due primarily to the launch medium per primarily to the launch

The conviction remains widespread that the diesel's penetra-tion will accelerate. In part this is because the attractions of the diesel-which even in indirectly

But manufacturers have been ahle to capitalise on that demand base to begin introducing new products which are considerably more attractive in themselves than the earliest, sometimes crude and heavy diesel units. (No less important for cost-conscious operators, the normal price premium required normal price premium required demand for a diesel over a compareble The for a diesel over a compareble of the price premium now petrol unit is now being care-demaoded for a diesel is such fully pitched to allow operators that in many cases it can be to cover the extra investment recovered in not much more in months, rather than years). than 20,000 miles. And given

In 1982, only 8.9 per cent of Thus Bedford, for example, the 413,000 car-derived vans produced in Europe thet year were of the Kadett/Astra saloon in diesel-powered. Last year, the 1982, quickly found that diesel proportion had jumped to 19.8 versions were taking more than per cent, with actual volumes 40 per cent of total sales in the rising from 37,080 to 82,515, out of total light van production up similar pattern with its vans.

cent more fuel efficient than a petrol unit (although poorer in on-road performance)—will increase as fuel prices become higher in absolute terms.

But it is seen, too, as a function of actions taken by manufecturers themselves. Initially, as concern ebout fuel prices grew in the wake of two oil crises, the growth of the diesel was demand-led.

But manufacturers have been able to capitalise on that demand base to begin introducing (413,500 in 1982).

Again, a major influence in the growth bas been Ford, which spent £196m to hring into production at Dagenham last year is 1.6 lltre light diesel with en initial output of 150,000 a year, to ceter not only for burgeoning demand in the cars sector—where it is fitted to the Fiesta. Escort and Orion—but for the Escort and Fieata vans.

A sector of the light commerthe disappearance of its other cials market where growth has perceived disadvantages, its been apectacularly rapid, particularly in the past 18 months, transferred to the car-derived is that comprising light vens— van have become increasingly those derived from cars.

In 1882, called the disappearance of its other cardinal particular transferred to the car-derived is that comprising light vens— van have become increasingly those derived from cars.



Former motor racing champion Stirling Moss and world land speed recordholder Richard Noble launch the UK Post Office's major energy-saving drive in a Bedford CF electric van

### **Moving towards** the market

### **Electric vehicles**

JOHN GRIFFITHS

IN THE U.S., the Tennessee Valley Authority has been freezing a Luton, England-built Bedford CF van at minus 20 dec C for eight hours at a stretch to make sure there are no starting problems.

On the streets of Hong Kong, a pair of CFs are shortly to be a pair if Crs are shortly to be seen running around in the livery of the China Light and Power utility. Quebec Hydro, the Canadian power utility, is about to start using one, as are authorities in Ontario, Sweden

authorities in Ontario, Swelen and Denmark.

The CFa are all electric models, guinea pigs in a well-defined strategy by General Motors' UK commercial vehicles subsidiary to explore the potential of electric commercials on a fully international basic

What began as a UK-only Initiative, involving collabora-tion between Bedford and Lucas-Chloride EV Systems on joint development of the CF electric van, now has North

Much of the impetus for the international approach has been provided by research indicating that in the U.S. alone, there exists a total of 31m petrolpowered light commercials which lend themselves to being substituted hy "EVs."
This potential is defined by

the fact that they have a payload of about one donne are used on regular daily routes not exceeding 50 miles, and that

"So you don't need much nf a percentage to achieve real volumes," observes Mr Ken Malnia, formerly responsible for Bedford sister company Vauxhall's car sales, and who is now Bedford's electric vehicles

manager.
It is a post created at the beginning of 1984 when Bed-ford, claiming a "world first" in putting an electric van into commercial production on normal vehicle assembly lines, rolled its first CF electric out

Strictly speaking, Bedford's claim was correct only in that it was a "world first" for a it was a "world first for a van. More than two years earlier Dodge, now Renault Truck Industries, had begun building electric versions of its "50" series truck, with a 2-tonne payload, on the "50" assembly lines at Dunstable.

And just a few days after the first electric CF was completed, the first electric Sherpa van came off the Birmingham assembly line of

Birmingham assembly line of Freight Rover, RLs vanproducing subsidiary.

Two main conclusions can be drawn from the activities of these vehicle makers and Lucaschloride EV Systems, whose technology and drivetrains are shared by all three:

That the UK industry can legitately lay claim to being the world leader in electric vehicle development, in that no other volume manufacturers other volume manufacturers have them in commercial production (not least, however, because many think the EV is still a white elephant);

• And that it is Bedford which is the still of th

is now setting the pace in trying to persuade operators to

trying to persuade operators to take them seriously.

The industry remains very much at a fledgling stage, and progress has been distinctly patchy. It was envisaged, for example, that up to 20 a month of the 7.5 tonnea gross Dodge 50 electric truck would be built at Dunstable. Demand has been far below that level.

The few that have been built bave gona mainly to electricity authorities, and Renault Truck

Industries currently is building them only on an "as and when "order basis. Leyland Vehicles has also built an electric version of its Roadrunner truck, but it is a prototype and there are no firm plans for commer-cial production.

Freight Rover has built sub-stantially more electric Sherpas — about 150 last year, with an expected 150-200 in the current year. It has been winning some commercial customers for the vans, cather than the utilities and local authorities who hitherto have been the main recipients of the vehicles. One is a London baker. Even so, Freight Rover acknowledged that for the company, EVs remain very much a fringe business.

The most significant order—
for Bedford as well as Freight
Rover — has been from the
Post Office. It has taken delivery
of a total of 80 electric vans

from the two companies.

They are now undergoing trials likely to take at least two years and if, as the PO believes is likely, they show significant cost savings over diesel versions of the vans, it has indicated that it may well replace its flect of 4,000 diesel panel vans used on fixed delivery rounds with electric over

electric van, now has North
America in particular targetted
as offering a potential market
far in excess of the 4,000 electric vehicles a year which Mr
Des Savage, Bedford's marketing director, has suggested
could be reached in the UK by
the end of the decade.
Bedford's initiative has grown
to Include GM's world truck and
bus division, now the UK comoany's parent based at Pontiac.
Bedford, however, is met reawound down. Bedford, however, is not pre-

11 100

oany's parent based at Pontiac, michigan, and the Electric Vehicle Development Corporation of the U.S., an enterprise jointly funded by North America's major utilities.

A four-stage plan initiated with the production of 179 electric CFs between January and April last year is now on phase that it is a controlling the two, entailing the current production of a further batch of 125 vehicles. Ninety of this second batch have been sold in the UK. But 30 are finding their way into the U.S. and Canada, under the programme organ-ised with the Electric Vehicle Development Corporation and

GM truck and bus.
The vehicles will be used by a number of utilities, providing the oportunity for a skeletal sales and support infrastructure to be set up.

Phase three, says Mr Malnia. will take place between the middle of next year and midmiddle of next year and mid-1987 and will involve the supply of a further 1,000 vehicles to utilities. After that, he indicates, "with a proper infrastructure in place, the whole thing will be opened up to the market." The principal limitations of the electric vehicle remains

the electric vehicle remain: restricted range and the need for eight-hour, overnight charging—quite apart from cost considerations.

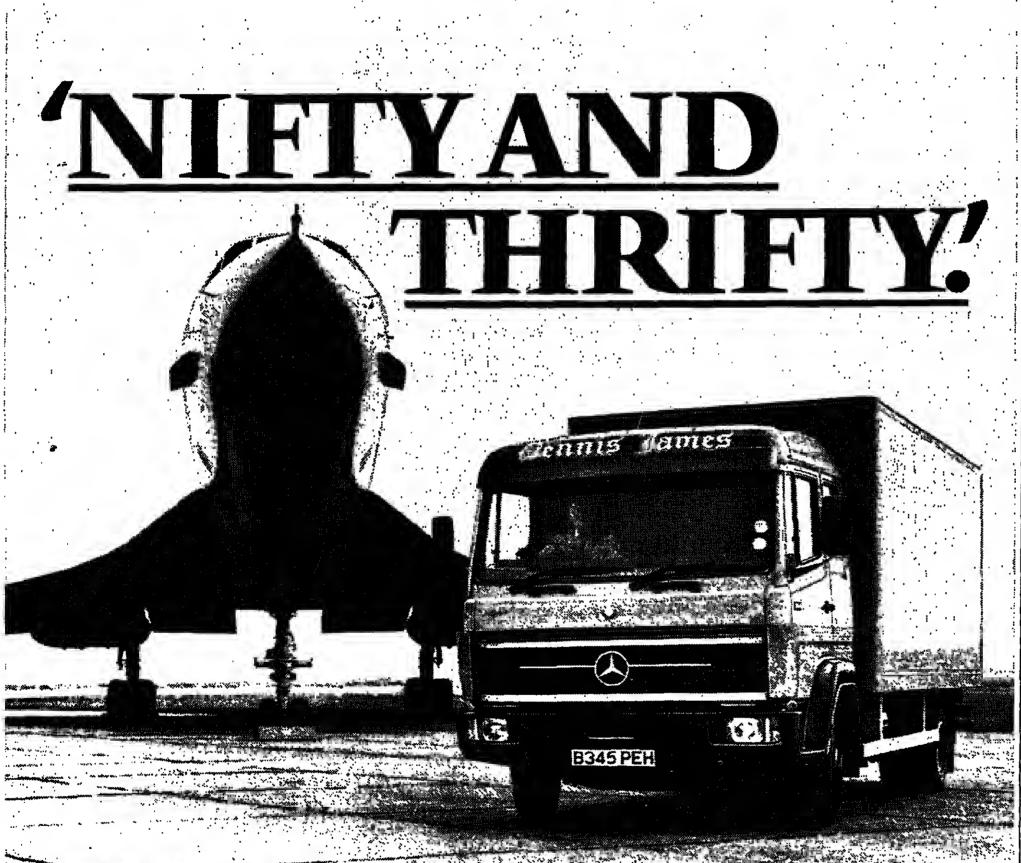
However, progress is being made. Mr Mainia says recent improvements in lead-acid battery technology are giving a 15-20 per cent increase in energy density. That's enough to give the CF a range of 70 miles in favourable circumstances

Next year, he suggests, the first CF prototype to be fitted with sodium-sulphur batteries developed by Chloride Silent Power should be on the read; with commercial production hy 1990. A CF thus equipped, he insists, can expect a range increased significantly to about 150 miles or alternatively payload could be increased to two

tonnes.
Mr Malmia concedes that "the payback, in operator terms, is not good enough yet "—a reference to the fact that even with the DTI subsidy the electric CF the DTI subsidy the electric CF is expensive in initial purchase terms. Its current price is £6,350—slightly more than a petrol version—to which must be added £3,300 for the battery pack and £975 for the charger. Bedford can argue, however, that batteries should be seen as a fuel not certain cost. Missand that batteries should be seen as a fuel, not capital cost. Viewed in that light, the fuel cost of the electric CF is 2p a mile compared with 11p a mile for the petrol version. There is also no road fund licence to pay.

With lower maintenance costs (EVs don't vibrate, significantly increasing realth hittin)

(Evs don't vibrate, significantly increasing reliability) and greater longevity, Bedford maintains that whole life costs are comparable with e diesel van over six years and 65,000-70,000 miles, and that the life of the electric version is considerably longer



Making regular, punctual deliveries of fine bone china to Concorde requires a special breed of truck.

Dennis James believes he has found it. In the new Mercedes 71/2 tonner, the 814. "This one's been running for 9 months now Like

As his fleet already consisted of fourteen Mercs (from

307s to artics). Dennis was eager to add the 814 as soon as it came on to the market. "It was just the job," he explains. "There wasn't a van

large enough or a truck small enough to fit our needs. We were relying on our dealer to come up with the goods again. He never fails.

"The 814 does a specialist job without demanding an HGV. The driver wants to take it home with him!"

Operating through the rights of Anadon grattic to the ins and outs of Heathrow Airport speaks who mes for the 814's manoeuvrability, but how reliable is it?

'It's a Mercedes. I don't even expect anything to go wrong. The fleet made over 26,000 drops last year, over one million kilometres without a major problem. The 814 had a tough act to follow. But it's well on the way, it's done 48,750 kms between here and London so far, at 60 drops a week. And it still averages 18 mpg.

"With the cover of the Mercedes warranty on top, we'd struggle to do without it now."

It seems that the 'plane of the era and the Truck of the Year have a lot in common.

"Nifty and thrifty. We can't afford to be late because they can't afford to wait."

METICULOUS ENGINEERING DOESN'T COST YOU.